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Tuesday, 5 August 1947

- - -

INTERNATIONAL MILITARY TRIBUNAL  
FOR THE FAR EAST  
Court House of the Tribunal  
War Ministry Building  
Tokyo, Japan

The Tribunal met, pursuant to adjournment,  
at 0930.

- - -

Appearances:

For the Tribunal, all Members sitting, with  
the exception of: HONORABLE JUSTICE JU-AO MEI, Member  
from the Republic of China, sitting from 1330 to 1600;  
HONORABLE JUSTICE STUART McDOUGALL, Member from the  
Dominion of Canada; HONORABLE JUSTICE I. M. ZARAYANOV,  
Member from the USSR; and HONORABLE JUSTICE E. H.  
NORTHCROFT, Member from the Dominion of New Zealand,  
not sitting from 0930 to 1600.

For the Prosecution Section, same as before.

For the Defense Section, same as before.

- - -

(English to Japanese and Japanese  
to English interpretation was made by the  
Language Section, IMTFE.)



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1 MARSHAL OF THE COURT: The International  
2 Military Tribunal for the Far East is now in session.

3 THE PRESIDENT: Dr. KIYOSE.

4 DR. KIYOSE: Mr. President, in the latter part  
5 of the second paragraph of the opening statement made  
6 by my esteemed colleague, Mr. Logan, yesterday, there  
7 is a sentence which has been mistranslated into Eng-  
8 lish, and I should like to have this section cor-  
9 rected -- mistranslated into Japanese.

10 THE PRESIDENT: Point it out to Major Moore,  
11 and he will report to us. We do not want to know what  
12 it is now. Point it out to Major Moore.

13 DR. KIYOSE: I have already spoken of the  
14 matter to Major Moore, and I expect that he will make  
15 the correction.

16 THE PRESIDENT: When he is ready, he may do  
17 so.

18 LANGUAGE ARBITER (Major Moore): If the Tri-  
19 bunal please, sir, Dr. KIYOSE spoke to me just before  
20 Court was to sit. The Board has not had a chance to  
21 look at the correction. It is from English into Jap-  
22 anese, and the correction will be noted in the Japan-  
23 ese copy.

24 THE PRESIDENT: Mr. Logan.  
25

1 K I K U S A B U R O O K A D A, recalled as a witness  
2 on behalf of the defense, resumed the stand and  
3 testified through Japanese interpreters as  
4 follows:

5 MR. LOGAN: I shall continue reading from  
6 OKADA's affidavit, page 12, the English copy, where  
7 we left off yesterday:

8 "Again concerning the shipping which is the mo-  
9 tive power of Japan's production, we stated in the in-  
10 vestigation that, assuming a war would be opened in April,  
11 the vessels to be drafted by the army and navy should be  
12 fixed at the limit of about 2,500,000 tons, which was far  
13 short of the demands for operations. We thought it pos-  
14 sible, however, to open war in winter on the ground that,  
15 taking advantage of the slack season of shipping in winter,  
16 the additional one million tons of vessels would be  
17 available, even admitting some of the drafted vessels  
18 would be lost on the way. In the investigation at that  
19 time we merely estimated that the loss of vessels would  
20 be no more than 400,000 tons at the beginning of war, but  
21 there was no small anxiety over securing transportation  
22 if situations of war occurred contrary to our expecta-  
23 tions. This was because we had heard influential opinions  
24 from some officials of the Navy concerning estimated loss  
25 of vessels, which estimated 800,000 tons the first year,



1 600,000 tons for the second year, and 700,000 tons for  
2 the third year. Yet we opined that reduction of trans-  
3 port capacity resulting from drafting vessels corres-  
4 ponded to the loss of 6 million tons of coal, 2,350,000  
5 tons of iron ore and other no small amount of materials.  
6 As for iron, the level of 4 million tons of production  
7 can be maintained by using iron ore stocked previously,  
8 whereas much importance should be attached to the re-  
9 sult due to the loss of 6 million tons of coal over  
10 various fields of industries. Again, as the materials  
11 stocked were bound to be almost consumed during the two  
12 years after war opened (68 per cent in the first year,  
13 17 per cent in the second year of hostility), there were  
14 anxieties over our resiliency after the third year.

15 "In the investigation with the assumption that  
16 the status quo would be maintained, we also arrived at  
17 a judgment. Although the official document is not in  
18 existence, as stated above, the part containing the judg-  
19 ment is attached to this affidavit as Annex II, copied  
20 from the duplicate in my possession.

21 "Explaining the judgment, firstly we pointed out  
22 that, assuming the following conditions, i.e., Japan  
23 would not enter into economic rupture with Britian and  
24 the United States, that trading with their colonies in  
25 the East Asia would also be continued to a certain ex-

1 tent, and that economic negotiations of Japan with va-  
2 rious regions in the South would also make certain pro-  
3 gress, the national power of our country, in case the  
4 status quo was maintained, would continue to drop in  
5 1941 and 1942, but would take a little upward trend in  
6 later years. Secondly, we pointed out that national  
7 power would seriously be lowered if the foregoing as-  
8 sumptions did not happen due to a decrease of storage of  
9 oil, our national defense would be weakened extremely.

10 "Finally we have reported, under the title  
11 'Combined' judgment on investigations carried out on  
12 assumptions of 'opening war' and 'maintaining status  
13 quo', which was to compare the two investigations, that  
14 so long as import of oil was not to be interrupted by  
15 an all out embargo we should bear the situation in pa-  
16 tience. However, regarding that part there are no of-  
17 ficial documents as certified by the 1st Demobilization  
18 Bureau (attached certificate (b)), nor is my copy in  
19 existence.

20  
21 "IV. Freezing of Assets and Catastrophe of  
22 Japan.

23 "With the freezing of assets on 26 July 1941,  
24 Japan was driven into a completely blockaded economy and  
25 indeed entered into a position facing catastrophe after  
the time when she would have consumed her stocked re-



1 sources in two years. To explain the situation regard-  
2 ing oils which were vital to Japan, the total amount of  
3 oils stocked by the army, navy and civilians were:

4	"Aviation gasoline approx.	1,700,000 k.l.
5	"Ordinary "	830,000 "
6	"Kerosene "	320,000 "
7	"Light oil "	320,000 "
8	"Heavy oil "	4,430,000 "
9	"Machine oil "	360,000 "

10 "As against this, volume consumed in 1941 were:

11	"Aviation gasoline approx.	150,000 k.l.
12	"Ordinary " "	80,000 "
13	"Kerosene "	10,000 "
14	"Light oil "	4,000 "
15	"Heavy oil "	1,050,000 "
16	"Machine oil "	150,000 "

17 "In consequence, if the China Incident contin-  
18 ued, aviation gasoline would be only 870,000 k.l. and  
19 heavy oil 2,330,000 k.l. in two years, which amounted  
20 to merely being capable of sustaining as little as  
21 one year for battle in the air against a strong power  
22 and for one year of protracted operations on the sea,  
23 already too short for decisive battle on the sea.

24 "Thus Japan fell into the so-called sagging  
25 difficulties. We were judging, when the army and the

OKADA

DIRECT

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1 navy faced the decisive battles or operations, the  
2 amount of aviation gasoline which would be needed would  
3 be about 400,000 k.l. each year, i.e., 800,000 k.l. for  
4 both Army and Navy. This exceeded the above-mentioned  
5 amount of storage. The amount of heavy oil which would  
6 be needed for the navy would be more than 2,000,000 k.l.  
7 in protracted operations, which would in two years leave  
8 little of the aforementioned stock of heavy oil.



1 "V. Judgment upon the national strength  
2 on the basis of assumption of opening war in  
3 November 1941.

4 "Encountered with hardship through the freez-  
5 ing of funds and the stoppage of oil importation, the  
6 Preparations Section of Mobilization Plans Bureau, the  
7 War Ministry, had been rectifying the investigations  
8 of the former judgment on the national strength on the  
9 basis of assumption of 'opening a war on November 1,  
10 1941' since September of 1941, but about the last per-  
11 iod of the KONOYE Cabinet, War Minister TOJO requested  
12 our Section to reexamine its investigations and asked  
13 for a clear prospect, concerning particularly, oil,  
14 shipping, iron, coal and foodstuffs.

15 "By that time similar investigations were  
16 being conducted in the Navy Ministry, too, and discus-  
17 sions had been made between the two Ministries with  
18 regard to oil, shipping, etc., but no such investiga-  
19 tions had been made in the Planning Board up to that  
20 time.

21 "The above investigations did not differ so  
22 much in substance from the judgment on the basis of  
23 assumption of 'opening a war in April,' but the situa-  
24 tion has become more serious than ever, with the de-  
25 crease in stock of oil resulting from the stoppage of

oil importation.

1           "Through the investigations made at that time,  
2 it was judged that oil could be obtained from the  
3 Netherlands Indies to the extent of 1,000,000 K.l. in  
4 the first year and 3,000,000 K.l. in the second. But  
5 in the subsequent discussion between the Army and the  
6 Navy, this estimate was rectified by the Army to the  
7 lowest, i.e., 300,000 K.l. in the first year and  
8 2,000,000 in the second, adding special ingenuities  
9 to the method of consumption to overcome somehow that  
10 shortage.  
11

12           "As for the result of this discussion, there  
13 was, of course, no change at all in the desire to reach  
14 an agreement through diplomatic negotiations. The  
15 authorities concerned in both Ministries were to contin-  
16 ue further investigations, taking into consideration a  
17 war which might have to be waged in order to get rid of  
18 the danger in national defense, resulting from oil  
19 blockade, in case the diplomatic negotiations should  
20 fail to bring about agreement.  
21

22           "Next, with regard to the shipping problem,  
23 the shipping capacity to be requisitioned by the Army  
24 and Navy, and their periodic increase or decrease were  
25 ascertained for the first time as the result of that  
investigation, in consequence of which the prospect of



1 the transportation of goods became gradually apparent,  
2 vis.

3 "Firstly, shipping capacity needed:

4 "(1) In order to continue the import of sup-  
5 plies, a monthly average of 3,000,000 tons of  
6 shipping capacity available for goods was needed;

7 "(2) But when that shipping capacity was re-  
8 duced to 2,500,000 tons, and if (A) iron and steel  
9 and rice were given the allocation of 100% trans-  
10 porting capacity, (B) coal, salt, fertilizer, soya  
11 beans, ores, brick and raw cotton could not be  
12 given more than 80%, and (C) other resources, 44%.

13 "(3) When it was reduced to 2,000,000 tons,  
14 and if 100% and 70% were maintained for iron and  
15 steel and rice in (A) and the important resources  
16 in (B) respectively the other resources in (c)  
17 could not be given more than 8%.

18 "(4) When it was still further reduced to  
19 1,500,000 tons, and even if iron and steel and  
20 rice in (A) were cut down to 80%, and the import-  
21 ant resources in (B) to 40%, the other resources  
22 in (C) could be given but 1%.

23 "From the foregoing it was generally surmised  
24 that the situation was serious, although the above ratio  
25 could be adjusted among (A), (B) and (C) with one

another.

"Secondly, shipping capacity available:

"(1) According to the investigation in August, 1941 the actual capacity of ships with more than 1,000 tons was 5,980,000 tons at the end of July, 1941; in addition to this, the total capacity of small-sized ships and controllable steam-launches was 650,000 tons, which were obtained after having been converted by taking into account their availability. The grand total of the above capacity early in November, including 90,000 tons of new ships to be built by October would be 6,720,000 tons;

"(2) If this grand total shipping capacity was reduced by the total capacity of 1,100,000 tons of ships, such as those in deck or detained, tankers, government ships, fishing boats, repair ships and store ships (excluded from requisition);

"Thirdly, increase and decrease of available capacity:

(1) Ships lost:	800,000 tons (1st year)
(2) Ships seized:	100,000 " ( " " )
(3) Ships newly	430,000 " ( " " )
built:	550,000 " (2nd year)
	600,000 " (3rd year)



OKADA

DIRECT

1 "Fourthly, shipping capacity requisitioned  
2 by the Army and Navy:

3 Navy: 1,600,000 tons

4 Army: 1,800,000 " for first 4 months

5 900,000 " after 7th month, as re-  
6 sult of gradual decrease.

7 "Afterwards the Navy and Army still plan to  
8 increase requisition.)

9 "Fifthly, shipping capacity needed for trans-  
10 porting goods on public demand based on the above cal-  
11 culation:

12 "(1) Supposing that much damage would be  
13 sustained early in the first year,

14 Minimum: 1,670,000 tons.

15 Of this, if passenger ships  
16 (540,000 tons) were converted  
17 into cargo boats (100,000 tons)  
18 the actual capacity would become  
19 1,270,000 tons.

20 "Monthly average: Actual capacity 1,300,000  
21 tons for first 4 months. Actual capac-  
22 ity 2,200,000 tons for the subsequent  
23 8 months.

24 "(2) If no damage was sustained after the  
25 second year, the actual converted capacity of ships for

1 public demand would reach as much as 3,000,000 tons,  
2 but if otherwise, the figures would be changed. If,  
3 however, 600,000 tons were lost in the second year and  
4 700,000 tons in the third, the above figure, 2,200,000  
5 tons, would decline to some extent. In order to cover  
6 this deficit, the only way is to build new ships.

7 "Sixthly, in summing up the foregoing, we  
8 judged as follows:

9 "(1) The transporting capacity 1,300,000 tons  
10 early in the first year was indeed too small to hope  
11 for anything, but if we had recourse to the compulsory  
12 store of iron ores and the utilization of various  
13 stocks, and especially if such were limited to the  
14 quiet transportation period of winter, production could  
15 be maintained, and if that transporting capacity were  
16 restored to that subsequent actually converted  
17 2,200,000 tons, the supply of goods of actually con-  
18 verted 2,500,000 tons' space inclusive of various count-  
19 er-measures would probably be possible.

20 "(2) After the second year, if no large  
21 number of ships were lost through the successful mili-  
22 tary and naval operations, that transporting capacity  
23 would gradually increase."

24 THE PRESIDENT: How do all these details tend  
25 to exculpate the accused? They show nothing more than



1 very, very careful preparation for war and war soon.  
2 ~~One~~ would expect that kind of thing from the prosecu-  
3 tion but not from the defense in such detail. This  
4 man might be a prosecution witness from all he says.  
5 We are not interested in the details of this man's  
6 work. It was all directed at preparation for war on  
7 a large scale and war in the immediate future, you  
8 might say.

9 MR. LOGAN: On the contrary, if the Tribunal  
10 please, it shows that investigation was made; and, if  
11 you will wait until I arrive at the end of the affi-  
12 davit, I think you will find definitely that, on the  
13 basis of this careful estimate, it was definitely  
14 pointed out that there could be no war, based on the  
15 materials that they had on hand.

16 THE PRESIDENT: I have not heard the whole  
17 of the affidavit, but how does it help the accused to  
18 show that that man in the box advised against war and  
19 yet war was resorted to? A thousand Japanese may have  
20 weighed the situation and advised against war. Sup-  
21 pose they did. Would they be called here to show  
22 their advice was disregarded?

23 MR. LOGAN: On the contrary, your Honor, the  
24 Indictment charges these accused with planning and pre-  
25 paring for aggressive war. This testimony shows --

OKADA

DIRECT

pardon.

1 THE PRESIDENT: As a colleague just stated,  
2 this man is not an accused.

3 MR. LOGAN: He is not an accused, but he is  
4 the one who made these studies and submitted them to  
5 one of the accused at least.

6 THE PRESIDENT: How does it help any of the  
7 accused if this man made a careful study and gave ad-  
8 vice against war which was disregarded? How can it  
9 help?  
10

11 MR. LOGAN: I am trying to explain it, your  
12 Honor.

13 THE PRESIDENT: I had better let you finish  
14 reading the affidavit, Mr. Logan, and I would like to  
15 know what you are driving at through this witness.

16 MR. LOGAN: I think, perhaps, if I'd explain  
17 it, you would understand.

18 We are accused, in the Indictment, of planning  
19 and preparing to wage an aggressive war. This testi-  
20 mony and other testimony to be offered will show that  
21 there was no such plan and no such preparation. There  
22 couldn't be because Japan didn't have the resources.  
23 And that -- may I finish? -- and that later on, after  
24 the freezing orders went into effect and diplomatic  
25 negotiations broke down and there was a danger of Japan



1 being strangled, then, as a last resort, she went to  
2 war. There was no preparation or planned war.

3 THE PRESIDENT: Well, your case is, you waged  
4 war but you didn't plan it or prepare for it.

5 MR. LOGAN: We were driven to it. As I said  
6 in the opening statement, your Honor, Japan was pro-  
7 voked into this war.

8 THE PRESIDENT: And not having planned or  
9 prepared for war, her defeat was inevitable.

10 MR. LOGAN: The prosecution evidence also  
11 shows that, your Honor. They knew that they couldn't  
12 last more than a year and a half at the time the war  
13 was forced on them.

14 THE PRESIDENT: According to KIDO's Diary --  
15 I forget the number of the exhibit -- on the 30th of  
16 November Prince TAKAMATSU is supposed to have told  
17 the Emperor that the Navy thought they had no chance  
18 of success. The Emperor then consulted the War  
19 Minister, the Chief of the Naval General Staff and  
20 the Prime Minister, the accused TOJO, who expressed  
21 confidence in the result. The Emperor then directed  
22 that the program be carried out.

23 MR. LOGAN: If the Tribunal please, as far as  
24 the Emperor is concerned, he was following constitution-  
25 al government.

1 THE PRESIDENT: I am dealing with another  
2 phase of that diary, the confidence of the Japanese  
3 and the result of the war they were about to declare  
4 or to engage in. But I don't share your view of the  
5 constitutional position of the Emperor. If a cabinet  
6 advises a king to commit a crime, and the king directs  
7 that it be committed, there is no constitutional pro-  
8 tection.

9 MR. LOGAN: But if the cabinet advises the  
10 Emperor--

11 THE PRESIDENT: The king can do no wrong  
12 under the constitution.

13 MR. LOGAN: If the cabinet advises the Emperor  
14 that it is necessary for the country to go to war for  
15 self-preservation and self-defense, self-defense is a  
16 good defense to any crime. They didn't want to go to  
17 war, your Honor. All the evidence points against it.  
18 They knew that they couldn't win the war and the prose-  
19 cution evidence so shows it and so does ours. They  
20 were driven to it.  
21  
22  
23  
24  
25



1 THE PRESIDENT: When you raise self-defense  
2 you change the constitutional ground. That is a  
3 different matter. It still remains that the men who  
4 advised the commission of a crime, if it be one, are  
5 in no worse position than the man who directs the  
6 crime be committed.

7 MR. LOGAN: Of course, that is based on the  
8 assumption that a crime has been committed.

9 Getting back to this affidavit, your Honor,  
10 I might also say that it also shows lack of conspiracy  
11 among these accused.

12 May I continue reading?

13 THE PRESIDENT: I still think it is a waste of  
14 time.

15 MR. LOGAN (Reading):

16 "19. With regard to various important goods,  
17 I investigated the matter from the above shipping condi-  
18 tion, and taking the utilization of their stock into  
19 account.

20 "20. In order to explain the above points, I  
21 prepared a diagram and reported it verbally on its basis  
22 to the War Minister.

23 "This diagram, however, does not exist at  
24 present, as is certified by the 1st demobilization  
25 official certificate (C).

1 "The War Minister ordered us to refer it to  
2 the Military Affairs Section, as it was closely related  
3 with other various problems, and studied my report from  
4 every angle. The attitude of the War Minister, TOJO, at  
5 that time, as far as we subordinates took it, was  
6 nothing but to order us to make various investigations.

7 "At that time, although the military circles  
8 at large felt a great unrest in regard to making a war,  
9 particularly to the shipping situation, there was an  
10 atmosphere that Japan could not face the future danger  
11 which might be caused by the blockade of oil.

12 "VI. Judgment on the national strength by  
13 the TOJO Cabinet prior to the opening of the war.

14 "21. When the TOJO Cabinet was formed in  
15 October of 1941, it was decided that all the arguments  
16 concerning national policies were put aside for the  
17 present, and all the problems should be investigated from  
18 the very beginning. Thorough-going investigations of  
19 the national strength, therefore, without being satis-  
20 fied with those hitherto made by the military authori-  
21 ties, were instituted, making the Planning Board as the  
22 center of examination, and the result was submitted to  
23 the Liaison Council, in order to formally form a final  
24 estimate of the national strength.

25 "As has already been stated, the problem of



1 "The War Minister ordered us to refer it to  
2 the Military Affairs Section, as it was closely related  
3 with other various problems, and studied my report from  
4 every angle. The attitude of the War Minister, TOJO, at  
5 that time, as far as we subordinates took it, was  
6 nothing but to order us to make various investigations.

7 "At that time, although the military circles  
8 at large felt a great unrest in regard to making a war,  
9 particularly to the shipping situation, there was an  
10 atmosphere that Japan could not face the future danger  
11 which might be caused by the blockade of oil.

12 "VI. Judgment on the national strength by  
13 the TOJO Cabinet prior to the opening of the war.

14 "21. When the TOJO Cabinet was formed in  
15 October of 1941, it was decided that all the arguments  
16 concerning national policies were put aside for the  
17 present, and all the problems should be investigated from  
18 the very beginning. Thorough-going investigations of  
19 the national strength, therefore, without being satis-  
20 fied with those hitherto made by the military authori-  
21 ties, were instituted, making the Planning Board as the  
22 center of examination, and the result was submitted to  
23 the Liaison Council, in order to formally form a final  
24 estimate of the national strength.  
25

"As has already been stated, the problem of

1 synthetic oil was also thoroughly investigated at this  
2 time.

3 "22. The following were the judgment of the  
4 Planning Board in case war might be avoided:

5 "(1) Supposing the standing requisitioned  
6 ships to be 2,150,000 tons, and newly constructed  
7 ships 500,000 tons in the first year, 700,000 tons in  
8 the second and 900,000 tons in the third, goods on  
9 civil demand of the self-supplying sphere could be  
10 transported monthly 5,770,000 kilotons in the first  
11 year, monthly 7,770,000 in the second and monthly  
12 8,970,000 in the third.

13 "On the basis of this calculation, 4,820,000  
14 kilotons of ordinary steel and steel material may be  
15 needed in the first year, 4,970,000 in the second, and  
16 5,200,000 in the third.

17 "(2) Next, although goods from French Indo-  
18 China and Thai, which are the only supplying spheres  
19 for Japan, absolutely needed, because of the world-wide  
20 suspension of trade, the procurement of them was ex-  
21 pected to become difficult through machination and  
22 interference on the part of Britain and America.

23 "(3) In conclusion, the stocks of various  
24 goods for domestic consumption will gradually decrease,  
25 and particularly so with those of liquid fuel. As an



1 example I may cite the case of crude oil.

2 "The following are quantities of crude oil  
3 for supply:

4 "Home production, 1st year, 360,000 K. L.

5 2nd " 400,000 "

6 3rd " 440,000 "

7 "Synthetic oil, 1st " 300,000

8 2nd " 500,000 "

9 3rd " 700,000 "

10 "Against the above supply, its civil demands  
11 amount to 1,800,000 K. L. If the deficit were to be  
12 covered by the military stock, the civil demands can  
13 be met until the third year, but at the end of that  
14 year, will it become difficult to do so. If classi-  
15 fied, the above deficit will be in kerosene, ordinary  
16 machine oil, high class machine oil and diesel crude  
17 oil. Even though a fundamental reestablishment of  
18 the synthetic oil enterprise is planned, satisfactory  
19 results cannot be expected at present.

20 "23. Next, the prospect of the Planning  
21 Board in case of war being waged was that the oil  
22 difficulties might be overcome by the procurement  
23 from newly occupied areas, and the shipping problem,  
24 too, might be solved somehow or other; thereby it was  
25 judged that minimum quantities of supply of important

1 goods might also be maintained, viz.

2       "(1) Oil: According to the joint investiga-  
3 tion of the Army and Navy, the total quantities of  
4 supply were 850,000 K. L. in the first year, 2,600,000  
5 in the second and 5,300,000 in the third. If the  
6 prospect of supply and demand is made on the basis  
7 of these figures plus 8,400,000 K. L. of domestic  
8 stock, there will be a balance of 2,550,000 K. L. in  
9 the first year, 150,000 in the second and 700,000 in  
10 the third year, which will meet the need though not  
11 satisfactorily. According to the estimate on the 1st  
12 of December, air-fuel was 1,110,000 K. L. This will  
13 cause some shortage in the second or third year.

14       "(2) Shipping: Transporting capacity was  
15 judged on the basis of the supposition that, in order  
16 to maintain the supply of goods, a monthly average of  
17 3,000,000 tons of ships for civilians were needed;  
18 damages, estimated from 800,000 tons to 1,000,000 tons  
19 in the first year, could be supplemented by 3-year  
20 consecutive shipbuilding of yearly average 600,000  
21 tons; and the requisition quantity by the Army and Navy  
22 would be 3,900,000 tons in the first period, but would  
23 decrease to 2,800,000 afterwards.

24       "(3) Important goods: After taking into  
25 consideration the current production quantity of iron



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1 and its future decrease, as well as the decrease in  
2 rice import from abroad, the procurement of important  
3 goods from the occupation areas in the South was  
4 anticipated.

5 "(4) After summing up the above, the judg-  
6 ment on the national strength was made in a concrete  
7 shape.

8 "24. It was at the end of October that the  
9 foregoing estimates were finally agreed upon, and it was  
10 on the 1st of November that this was approved by the  
11 Liaison Council. And it was on the 5th of November  
12 that the President of the Planning Board SUZUKI re-  
13 ported it in the Imperial conference. It is, however,  
14 regrettable that this record does not exist at present.

15 "On this 18th day of July, 1947, at I. M. T.

16 F. E.

17 "Deponent: (S) OKADA, Kikusaburo."  
18  
19  
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1 "Appendix I

2 "Excerpt from a copy of the titled document,  
3 prepared by the Mobilization Plans Bureau of the War  
4 Ministry, investigated on June 1 in the 16th Year of  
5 Showa (1941), reinvestigated in March and rectified  
6 in April of the same year.

7 "Hypothetical appreciation of the  
8 Empire's material strength.

9 "Judgment.

10 "1. The national strength of the Empire as  
11 viewed from the aspect of materials cannot be free  
12 from anxiety in carrying out a protracted war against  
13 Britain and the U.S.A.

14 "As long as the enemies prefer to resort to  
15 decisive battles and challenge us accordingly, we  
16 should be able to maintain resiliency to destroy them  
17 until about the end of the second year. However,  
18 there is an apprehension that at about that time a  
19 shortage of liquid fuel, at least for a limited period  
20 of time, may be experienced and that the economic war  
21 potential will be much disturbed if the war situation  
22 should be protracted.

23  
24 "This shortcoming will arise from the stoppage  
25 of importation and slackness in amplifying productivity.  
Production of steel and light metal may become brisk



1 later unless bottoms for transportation are very  
2 much depleted, but the expansion of domestic pro-  
3 duction will not in any way compensate for the  
4 stoppage of importation of the materials for the  
5 specific steel and non-iron metals; the gradual con-  
6 sumption of the present stock may barely patch up the  
7 need of the first two and half years, but will result  
8 in an extreme shortage of supply from the third year  
9 onward.

10 "As for the supply of liquid fuel, apprehension  
11 that there may exist a non-supply period between the  
12 time of restoration and development of the Dutch East  
13 Indies resources and that of the complete attrition of  
14 the hoard has not been quieted. This will emphasize  
15 the importance of shipping bottoms and will subsequent-  
16 ly cause decreased coal transportation, with the result  
17 that industry as a whole will slump and the straightened  
18 circumstances in the field of light industry materials  
19 will pile difficulties on already existing anxieties  
20 concerning domestic problems.

21 "2. However, if circumstances so necessitate and  
22 Japan, with a view to deliberately seeking a way out  
23 of the difficulties, should decide to seize an opportu-  
24 nity of resolutely entering into war against Britain and  
25 the U.S.A., the operations should be executed in such

1 a way that the warfare in the southern regions be  
2 terminated in the quickest possible manner and the  
3 resources in the Dutch East Indies be captured in  
4 the best condition, so that the above-mentioned  
5 apprehensions may be eliminated.

6 "With regard to the question of bottoms for  
7 transportation, the most discrete attention will be  
8 required to coordinate the operations and the economic  
9 problems, and, in particular, to secure the existing  
10 bottoms.

11 "Needless to say, in determining upon the  
12 resolution to wage war against Britain and the U.S.A.,  
13 the present state of material strength makes it abso-  
14 lutely necessary for Japan to adhere to the fundamental  
15 necessity in this war of giving no rise to a Soviet-  
16 Japan war and of stabilizing domestic problems.

17 "Moreover, when the resolution upon war is  
18 reached, the following points should be thoroughly  
19 studied beforehand and counter measures must be pre-  
20 pared to the fullest extent:

21 "1. Because of the protracted war against Britain  
22 and the U.S.A., both the means of increasing army and  
23 navy armament and establishment of industries will not  
24 develop along the expected course.

25 "2. There will be a considerable declination for



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a time in supply of various materials.

1 "3. As long as the requirement of materials can  
2 be covered with the resources available within the  
3 Greater East Asia, the shortage can be filled sooner  
4 or later by devising some competent measures to utilize  
5 those resources, but the supply of non-ferrous metals  
6 and the metals as raw materials for the specific steel  
7 will be bound to experience an extreme shortage.

8 "After the occupation of the southern regions,  
9 attention should be concentrated upon making the most  
10 effective use of such materials as are exclusively  
11 found in those regions alone (tin, rubber, quinine)  
12 and of the special products of tropics. It is sug-  
13 gested that by offering those items to Germany, Italy  
14 and other axis countries as well as to the Soviet and  
15 other neutral countries, efforts should be made to  
16 obtain in exchange from them or from other parts of  
17 the world through their intermediation the required  
18 materials to promote the war potentials of the Empire.  
19 Attention must also be drawn to the surplus materials  
20 of that area which will have to lose their world's  
21 market through Japan's occupation, and a new trade  
22 policy should be established in such a way as would  
23 minister to each other's wants among Japan, Manchoukuo,  
24 China and the southern regions. The question of  
25

1 bottoms for transportation has great influence upon  
2 practice of this policy, and its outlook so far is  
3 not quite reassuring.

4 "Before making any determination in relation  
5 to the above appreciation as to the propriety and the  
6 time of execution of war against the southern regions,  
7 the separate report entitled 'Deduction of Empire's  
8 strength based on the appreciation of the present  
9 situations' should also be studied and a synthetic  
10 decision be made thereupon.

11 "Appendix II

12 "'Hypothetical appreciation of the Empire's  
13 material strength on the basis of the present condi-  
14 tions.'

15 "(Excerpt from a copy of the titled document,  
16 prepared by the Mobilization Plans Bureau of the War  
17 Ministry in March in the 16th Year of Showa (1941).

18 "1. Decision

19 "Japan should expedite economic negotiations  
20 with the Netherlands Indies as soon as possible to  
21 devote herself to the establishment of the self-  
22 supplying sphere of East Asian countries. Simultan-  
23 eously, she should avoid provoking Britain and America  
24 meaninglessly, relying to the end upon the resources  
25 of their 'block,' to foster her national strength, thus



1 prepare herself for possible war in the future."

2 The certificates with respect to the  
3 current documents are also attached, (a) and (c).

4 You may examine.

5 THE PRESIDENT: Brigadier Quilliam --  
6 Mr. Levin.

7 MR. LEVIN: Mr. President.

8 BY MR. LEVIN:

9 Q I would like to direct your attention,  
10 Mr. Witness, to paragraph 24 of your affidavit on  
11 page 26 of the English copy.

12 This is further examination, your Honor.

13 THE PRESIDENT: On whose behalf?

14 MR. LEVIN: On behalf of SUZUKI.

15 Q You state there, "It was at the end of October  
16 that the foregoing estimates were finally agreed  
17 upon." Will you please name the persons and offi-  
18 cials who finally agreed upon those estimates that  
19 you mentioned in this portion of the paragraph?

20 A It was toward the end of October that the  
21 competent ministers of the government agreed to this  
22 estimate and the agreement which included members of  
23 the high command was reached on the first of November.

24 Q Will you state the names of the persons and  
25 the official positions that they held when they finally

1 agreed on the estimates at the end of October?

2 A At the end of October the ministers of the  
3 ministries of the government concerned.

4 Q Will you please state who they are, or who  
5 they were?

6 A I can state positively that the officials  
7 were included: the War Minister, the Navy Minister,  
8 and the President of the Planning Board.

9 Q Was the Minister of Transportation there?

10 A On the whole the transport minister would  
11 not have a very profound relationship with these  
12 matters but they would naturally have connection in  
13 connection with the question involving shipping.  
14 However, the Ministry of Communications would not  
15 have a very great connection in connection with the  
16 problem of losing ships or having ships requested  
17 by the army and navy.

18 Q Was he there? Did he participate in this  
19 agreement that occurred in the latter part of October?

20 A I generally consider that the ministers who  
21 participated in the agreement were those who were  
22 present at the liaison conference on the first of  
23 November.  
24

25 Q And is this the best information that you  
can give to the Tribunal in relation to those



1 persons who were there at the end of October that the  
2 estimates that you gave were finally agreed upon?

3 A I do not know what kind of a discussion  
4 went on when the high officials of the government  
5 met at the end of October; however, when the liaison  
6 conference was held in the Imperial Palace on the  
7 first of November it was necessary that I be there  
8 awaiting the members attending this conference in an  
9 anteroom, or a waiting room, in the Palace and I had  
10 occasion to listen to their conversation while they  
11 took meals during the recess. However, with respect  
12 to your last question as to who participated in the  
13 agreement at the cabinet conference toward the end  
14 of October, I cannot say.

15 MR. LEVIN: That is all.

16 MR. LOGAN: I would like to point out, if  
17 the Tribunal please, a typographical error on page 28,  
18 appendix I: "June 1," should be "January 1."

19 THE PRESIDENT: Mr. Comyns Carr.

20 MR. COMYNS CARR: May it please the Tribunal,  
21 it appears that there are two documents in the witness'  
22 possession -- at least two -- of which he has produced  
23 only extracts and the prosecution would like to have  
24 the opportunity of examining the documents in full. We  
25 do not want to take up the time of the Tribunal by

1 asking questions about them now, but if the witness  
2 will produce the whole documents so that they can be  
3 identified and we can afterwards examine them, that  
4 would be sufficient.

## CROSS-EXAMINATION

5 BY MR. COMYNS CARR:

6 Q Mr. Witness, have you them with you?

7 A It is in the hands of counsel, Dr. KIYOSE.

8 MR. COMYNS CARR: I call for their production.

9 THE WITNESS: I should like to present it  
10 on the condition that it would be returned to me.

11 Q Mr. Witness, would you explain -- I am  
12 informed that all that we have here are these extracts  
13 which you have attached to your affidavit. Where are  
14 the original copies which you say are in your posses-  
15 sion?  
16

17 A I have left the originals in the hands of  
18 Dr. KIYOSE.

19 MR. COMYNS CARR: I do not want to waste  
20 time over this. Can my friend undertake that they  
21 will be produced to us?

22 MR. LOGAN: You ask that we produce originals.  
23 His affidavit says that the originals were burned. He  
24 has the copies of those originals and we will produce  
25 those. They were filed in the clerk's office.



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1 Q Are those two which you say are with Dr.  
2 KIYOSE, are those two the only documents referred  
3 to in your affidavit of which you have copies?

4 A I happen to have a carbon copy of the  
5 manuscript typed at that time.

6 Q But what I was asking you was, have you  
7 got similar copies of any other of the documents  
8 which are referred to in your affidavit besides  
9 the two which you have undertaken to produce?

10 A I do not.

11 Q Now, I have only one other question to ask  
12 you. Who were the persons who were present at the  
13 liaison conference of the 1st November, 1941?

14 A Usually the members of the liaison con-  
15 ference were fixed, but from time to time other  
16 members attended for special reasons.

17 Q Will you now answer my question, if you  
18 can. Who were present on this occasion?

19 A Those attending this liaison conference  
20 included the Prime Minister, the War Minister, the  
21 Navy Minister, the Foreign Minister, the Finance  
22 Minister, the President of the Planning Board,  
23 the Chief of the Army General Staff, the Chief of  
24 the Naval General Staff, the Vice Chief of the Army  
25 General Staff, the Vice Chief of the Naval General

1 Staff, the Director of the Military Affairs Bureau  
2 of the War Ministry, the Director of the Mobiliza-  
3 tion Plans Bureau of the War Ministry, the Director  
4 of the Naval Affairs Bureau of the Navy Ministry,  
5 the Director of the Mobilization Plans Bureau of  
6 the Navy Ministry, and according to problems in-  
7 volved, some bureau chiefs of the Foreign Office  
8 also attended.

9 MR. LOGAN: May the witness be released on  
10 the usual terms?

11 THE PRESIDENT: He is released accordingly.

12 (Whereupon, the witness was excused.)

13 THE PRESIDENT: Mr. Comyns Carr.

14 MR. COMYNS CARR: Subject to the possibility  
15 of our having some more questions when we have  
16 examined those documents, we have no objection to  
17 the witness being released.

18 THE PRESIDENT: Mr. Logan, have you many  
19 more affidavits like that of the last witness?

20 MR. LOGAN: In what respect do you mean  
21 like them?

22 THE PRESIDENT: Tending to show the Japan-  
23 ese were not prepared for war.

24 MR. LOGAN: We have other affidavits, your  
25 Honor, with respect to other industries. We have



1 very few of them.

2 We now offer in evidence defense document  
3 500-F which contains studies of the overseas trade  
4 of Japan proper prepared for the Foreign Economic  
5 Administration by a member of the staff of the  
6 United States Tariff Commission in October 1945.  
7 This is a general study relating to the trade and  
8 individual commodities with certain countries to  
9 the whole prewar trade situation. This document  
10 presents a picture of the position of trade in the  
11 Japanese economy, Japan's trade and world trade and  
12 the direction thereof, the nature of the trade, the  
13 import and export of commodities. This document also  
14 is offered only for the factual statements contained  
15 therein and any opinions should be disregarded. I  
16 shall read only the marked portions, found on  
17 pages 1 to 3, 6 to 15, 18 to 22.

18 THE PRESIDENT: Brigadier Quilliam.

19 BRIGADIER QUILLIAM: May it please the  
20 Tribunal, I was under the impression that my learned  
21 friend was going to defer offering this document  
22 and the next one, a similar set of documents, until  
23 a further examination of them had been made.

24 THE PRESIDENT: We may receive hundreds of  
25 documents tending to show the true economic position

of Japan, yet there may be no doubt about it.

The thing could perhaps be dealt with in a very short compass. We know that she has limited resources apart from labor power, and we know that they have a teeming population here. All those things are well known to us.



1 MR. LOGAN: I will be glad to take this and  
2 the next document up with the prosecution the same as  
3 we did yesterday.

4 Defense document 880 is now offered in  
5 evidence. This is a United States Department of State  
6 Interim Research and Intelligence Service Report  
7 issued October 31, 1945, on the Japanese shipbuilding  
8 industry. This report discusses the entire ship-  
9 building industry, its corporate structure, history  
10 of government control, and the capacity and technolo-  
11 gical aspect of the industry.

12 THE PRESIDENT: Brigadier Quilliam.

13 BRIGADIER QUILLIAM: May it please the  
14 Tribunal, we object to this document, but I must confess  
15 that the prosecution is in somewhat of a dilemma.  
16 Some of the contents of the document are relevant, but  
17 very much more is quite irrelevant. It is plain, on a  
18 perusal of the document, that Mr. Liebert's evidence  
19 on the matters contained in the document was taken  
20 from this very publication. What he did was to  
21 summarize in a convenient form the strictly relevant  
22 and material parts.

23 Examining the document, the first page is, we  
24 submit, irrelevant because it deals with the period  
25 after December 1941.

1           Page 2 is irrelevant because it deals with  
2 a period too remote to have any application in this  
3 case.

4           As regards pages 3 to 8, the whole of this  
5 information is summarized in exhibit 840, and in para-  
6 graphs 48 and 50. Exhibit 840 is Mr. Liebert's  
7 statement.

8           I don't know whether it is the desire of the  
9 defense that the Tribunal should satisfy themselves  
10 that Mr. Liebert has made an accurate statement, but  
11 it would appear to be quite unnecessary to overload  
12 the case with the full material.

13           THE PRESIDENT: If this document supports  
14 Liebert, why, as a matter of tactics, do you object,  
15 Brigadier? Without it, you see, Liebert may have no  
16 support; I don't know. Mr. Logan alleged yesterday  
17 that Liebert's figures had no support other than his  
18 mere say-so. If that is true, you shouldn't object  
19 to this document if it gives the necessary support.

20           BRIGADIER QUILLIAM: May it please your  
21 Honor, I emphatically disagree with Mr. Logan's  
22 statement on that point, of course. But your Honor's  
23 comments point to the dilemma in which I explained we  
24 are placed.

25           If I may just refer to the balance of the



1 document, bottom of page 8 to page 14, we submit the  
2 whole of that is irrelevant by reason of being con-  
3 cerned with the period after December 1941. In many  
4 respects, if it please the Tribunal, we would like  
5 the relevant portion that I have referred to to be  
6 admitted into evidence; but we have felt it our duty  
7 to inform the Tribunal that this is merely the full  
8 text from which the summary has been prepared.

9 THE PRESIDENT: There is one feature we  
10 must always keep in mind, Brigadier Quilliam, that I  
11 am inclined to overlook. There is a charge of a huge  
12 conspiracy starting in 1928 and ending in 1945, and,  
13 as I am reminded, the war of course is alleged to  
14 have been waged right up to September 1945 or August  
15 1945.

16 BRIGADIER QUILLIAM: The place for the  
17 prosecution, if it please your Honor, on this point,  
18 that is, the economic preparations for war, was all  
19 based on what took place up to December 1941.

20 THE PRESIDENT: The Indictment does not  
21 place that time limitation, as far as I recollect.  
22 However, we will go into the matter after the recess.

23 We will recess for fifteen minutes.

24 (Whereupon, at 1050, a recess was  
25 taken until 1105, after which the proceedings

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were resumed as follows:)

1 MARSHAL OF THE COURT: The International  
2 Military Tribunal for the Far East is now resumed.

3 THE PRESIDENT: Brigadier Quilliam.

4 BRIGADIER QUILLIAM: May it please the  
5 Tribunal, as regards the evidence relating to the  
6 period after the 7th of December, 1941, all I wish  
7 to say is that, in fact, the prosecution limited  
8 its case to the period prior to that date, and,  
9 therefore, the defense has nothing to meet. In  
10 dealing with that period it is suggested the defense  
11 are pushing an open door.  
12

13 As regards the relevant part of the document,  
14 I must repeat that we have felt it our duty to direct  
15 the Tribunal's attention to the matters that I have  
16 mentioned. So far as we can see, no attempt is  
17 made to suggest that Liebert's summary is wrong in  
18 any way or inadequate, and, therefore, it appears  
19 to be unnecessary to admit it into evidence. But,  
20 I can appreciate that if there is any doubt on that  
21 point it may be better to have that in the case.

22 MR. LOGAN: I can appreciate the prosecution's  
23 dilemma in regard to this document.

24 THE PRESIDENT: Yes, Mr. Logan.

25 MR. LOGAN: I say I can fully appreciate



1 the prosecution's dilemma with regard to this  
2 document. We were unable to unearth one of the  
3 documents which Liebert used in the preparation  
4 of his testimony, not because the information was  
5 given by him to us. And among other reasons why  
6 we are offering this document, one of which is very  
7 important, that is to show how inadequate Liebert's  
8 testimony is and how favorable it is to the  
9 prosecution as compared to the document from which  
10 he got his information.

11 With regard to the prosecution's specific  
12 objection on page 1, that it deals with the period  
13 after 1941, apparently they forget that there is  
14 still in this case a conspiracy and also a charge  
15 of our failure to feed prisoners of war. This is  
16 one of the answers.

17 THE PRESIDENT: For different reasons we  
18 think the whole of this document might well be  
19 admitted. The part that is probably too remote in  
20 time is very, very small. That is the beginning.  
21 And that last point you make seems to be sound, about  
22 the absence of shipping to feed prisoners of war.

23 The objection is overruled and the document  
24 is admitted on the usual terms.

25 CLERK OF THE COURT: Defense document 880

1 will receive exhibit No. 2768.

2 (Whereupon, the document above  
3 referred to was marked defense exhibit No.  
4 2768 and received in evidence.)

5 MR. LOGAN: I shall read exhibit 2768,  
6 being defense document 880.

7 "RESTRICTED

8 "DEPARTMENT OF STATE

9 "INTERIM RESEARCH AND INTELLIGENCE SERVICE

10 "Research and Analysis Branch

11 "JAPANESE WAR PRODUCTION INDUSTRIES

12 "Part IV

13 "The Shipbuilding Industry

14 "31 October 1945

15 "By the middle of 1944, Japan's losses of  
16 merchant and naval vessels had so reduced the number  
17 of oceangoing ships that she was unable to find the  
18 transport required both to supply military forces  
19 committed in various areas and to move the volume of  
20 raw materials necessary to maintain 1943 levels of  
21 industrial output. In order to make ship construction  
22 equal losses, Japan would have had to build merchant  
23 vessels at the rate of at least 2,500,000 gross tons  
24 in 1944.

25 "Latest figures as revealed by the Japanese



1 Diet (5 September 1945) indicate that the nation had  
2 no more than 200,000 odd gross tons of operable  
3 merchant tonnage (over 100 tons) left at the  
4 cessation of hostilities. Diet figures for wartime  
5 naval building and losses are given in Table 10.

6 "B. Organization of the Shipbuilding  
7 Industry

8 "1. Brief History and Economic Considerations.

9 "a. Review to 1932. In addition to considering  
10 the specific questions of security and convertibility  
11 in the Japanese shipbuilding industry, it is necessary  
12 that we review historically and briefly the economic  
13 aspects of the shipbuilding industry in Japan with a  
14 view to determining to what extent the industry has  
15 been expanded along uneconomic lines.

16 "Ever since the Restoration of 1868, the  
17 Japanese Government has paid close attention to  
18 shipping problems, and soon after the war of 1895 in  
19 China, it embarked on a program of subsidies governed  
20 by laws enacted in 1896. The abnormal boom conditions  
21 prevailing during World War I, when (in 1919)  
22 612,000 gross tons of merchant ships were launched,  
23 diminished the need for subsidies, but soon afterwards  
24 the annual amount of operating subsidies tended to  
25 revert to dimensions of 1914.

1 "During the 1920's the shipbuilding  
2 industry entered a long period of depression.  
3 Merchant ship construction dropped to a low of  
4 42,000 gross tons in 1927, and operating subsidies  
5 amounted to about ten million yen a year. During  
6 this period, the Government did not give direct  
7 shipbuilding subsidies, but assisted shipbuilders  
8 by means of bounties on domestic steel production  
9 and certain exemptions from import duties. In  
10 1929 the Government framed a program for the assistance  
11 of shipping in the form of loans on easy terms for  
12 shipbuilding. A loan fund of thirty million yen  
13 was made available, but owing to the world economic  
14 depression which followed, little use was made of  
15 this facility. A slow increase then began; the  
16 rate of increase was greatly accelerated in the  
17 early 30's by a government subsidized program of  
18 merchant ship construction. Under government direction  
19 Japanese lines acquired fast cargo ships which were  
20 the equal of any in their class in the world.  
21  
22  
23  
24  
25



"b. Scrap and Build Schemes; Shipbuilding

1 During the 1930's. In 1932, the Japanese Government  
2 made an important decision when, with a view to im-  
3 proving the unfavorable age distribution of the Japa-  
4 nese Merchant Marine and to reducing the frequency of  
5 marine casualties, it introduced the first of three  
6 'Scrap and Build' Schemes. The first scheme, which  
7 took effect as of 1 October 1932, provided for the con-  
8 struction of 200,000 gross tons of new shipping, on  
9 condition that two tons of vessels of twenty-five years  
10 and over were scrapped for each ton of new vessels  
11 built under subsidy. Each new vessel had to be 4,000  
12 gross tons or over, capable of at least thirteen and  
13 one-half knots speed, and built in a Japanese yard.  
14

15 "The scheme resulted in the scrapping of  
16 ninety-four vessels of about 400,000 gross tons and  
17 in the building of thirty-one new vessels of about  
18 200,000 gross tons.  
19

20 "It was estimated that the expenditure in-  
21 volved in building the thirty-one ships was a little  
22 less than 55,000,000 yen. The total government sub-  
23 sidy was nearly 11,000,000 yen.

24 "The second and third schemes, which took  
25 effect in 1935 and 1936 respectively, were on a smaller  
scale than the first. Their combined result was the

scrapping of 100,000 gross tons and the construction of seventeen vessels of about 100,000 gross tons, the rate of subsidy being little more than half that under the first scheme. The vessels built had a gross tonnage of 4,000 tons or more and were capable of over fifteen knots speed.

"By the early part of 1937, the three Scrap and Build Schemes had resulted in the scrapping of some 500,000 gross tons of old tonnage and the construction of forty-eight new fast ships of some 300,000 tons gross. These forty-eight included more than four-fifths of the total number of Japanese vessels of over 4,000 gross tons and less than five years old. At that time Japan had more tonnage less than five years old in proportion to her total tonnage than any other country. The following table shows the ships constructed and scrapped in accordance with the three ship improvement plans.

"Table 17

"Ships Constructed and Scrapped in Accordance with the Three Ship Improvement Plans

"Ships Constructed

<u>"Plan</u>	<u>Number</u>	<u>Total Tonnage</u>
"First	31	198,989
"Second	8	49,760
"Third	9	50,690
"Total	48	299,439



"Ships Dismantled

<u>"Number</u>	<u>Total Tonnage</u>	<u>Fiscal Year</u>
" 94	399,122	1931-34
" 12	52,798	1935-36
" 13	47,235	1936-37
" 119	499,155	

"Note: It was not possible to ascertain the number of vessels actually dismantled under the third plan.

"The cost of the three ship improvement plans totalled ¥ 14,000,000 (\$4,062,800), including ¥ 11,000,000 for the first plan and ¥ 1,500,000 for each of the next two plans.

"A fourth scheme came into operation in April 1937 and provided for the subsidized construction of superior passenger and passenger-cargo liners of not less than 6,000 gross tons and nineteen knots speed, at rates of subsidy approximating in some cases half the building cost. In a supplement to the Official Gazette of July 1937, it was stated that the subsidies, though payable by installments spread over eighteen years, would be paid during the next four years for the construction of 150,000 gross tons of passenger vessels and 150,000 gross tons of passenger-cargo vessels. It was proposed to spend a total of over fifty million yen on this scheme during the eighteen years beginning with 1937-1938.

"Table 18 gives the total launchings of

vessels of 100 gross tons and upwards for selected years between 1913 and 1938:

"Table 18

"Total Launchings of Merchant Vessels (in tons)

<u>"Date</u>	<u>Number</u>	<u>Tonnage</u>
"1913	152	64,664
"1920	140	456,642
"1930	37	151,272
"1932	44	54,422
"1934	155	152,420
"1936	180	294,861
"1937	180	451,121
"1938	146	441,720

"Source: Shipbuilding in Japan, 1940 (Japan Economic Federation).

"The trend in the middle thirties was towards the construction of luxury passenger liners for deep-sea service, but was reversed after the outbreak of the war with China. The shipbuilding industry directly reflected the change in shipping needs from large-sized vessels for deep-sea service to small and medium-sized bottoms for coastal trade. Of the total orders placed up to the end of May 1939, 165 cargo vessels accounted for 808,670 tons. Of those, thirty-four vessels larger than the 7,000-ton class amounted to 306,600 tons, while 133 under 6,000 tons totalled 502,070 tons. Compared with the figures for 30 November 1938 or six months earlier, the former class showed a decline of two in number and 27,930 in tonnage, but the



1 latter class gained eighty-five in number and 325,420  
2 in tonnage.

3 "Table 19 shows the ships launched by 1,000  
4 ton classes between 1932 and 1938. Little change in  
5 emphasis is visible here.

6 "Table 19" --

7 THE PRESIDENT: I think we can take this as  
8 read.

9 MR. LOGAN: I just wanted to call your Honor's  
10 attention -- I won't read all of those figures -- to  
11 the fact that a great majority of those ships were  
12 smaller tonnage. I shall read the totals:

13	"No. of	1932	No. of	1934	No. of	1936
14	<u>Ships</u>	<u>tons</u>	<u>Ships</u>	<u>tons</u>	<u>Ships</u>	<u>tons</u>
	" 10	43,760	20	124,180	63	270,710

15	"No. of	1937	No. of	1938
16	<u>Ships</u>	<u>tons</u>	<u>Ships</u>	<u>tons</u>
17	" 93	419,665	77	414,090

18 "c. Naval Construction; Comparison with  
19 Merchant Vessel Construction.

20 "Naval vessel construction was of course also  
21 stressed during this period, as is shown by the follow-  
22 ing table (Table 20). Merchant ship launchings are also  
23 shown in this table and it will be noted that minor  
24 variations exist between these figures and those  
25 previously given in Table 19. These differences are

1 not significant, but largely reflect different source  
2 material. The information below is carried over into  
3 1940."

4 THE PRESIDENT: I notice that the shipping  
5 figures are from the Far East Yearbook, 1941. Does  
6 that mean that Mr. Liebert took his figures from that  
7 yearbook?

8 MR. LOGAN: He didn't take his figures from  
9 this yearbook, your Honor, and I wish to call your  
10 attention to page 8,318 to the top of page 8,322.  
11 That is four pages of the record which constituted his  
12 entire testimony with regard to shipbuilding. I think  
13 if you follow the wording on page 3 of the document  
14 from which I am reading with Liebert's testimony on  
15 page 8,318 and 8,319, you will find that he used this  
16 document, from which he extracted some of the material.  
17 For example, he failed to tell the Court about the  
18 number of gross tons and the number of ships which  
19 were scrapped. He just told, on his direct testimony,  
20 the number that were built.  
21  
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1 THE PRESIDENT: I merely want to know where  
2 Liebert got his figures. If he took them from the  
3 Far East Yearbook, he took them from a book which the  
4 prosecution said yesterday should not be relied on.

5 MR. LOGAN: As I say, your Honor, if you will  
6 follow the wording of Liebert's testimony and the word-  
7 ing of this document, you will see that it is prac-  
8 tically word for word, with the exception of parts he  
9 skipped, and he skipped quite a great deal.

10 THE PRESIDENT: Brigadier Quilliam.

11 BRIGADIER QUILLIAM: May it please your Honor,  
12 with reference to your Honor's comment about Mr. Lie-  
13 bert using figures from the Far East Yearbook, may I  
14 be permitted to remind the Tribunal of the following?

15 THE PRESIDENT: I didn't say he took them from  
16 the Far East Yearbook. I asked whether he did. Per-  
17 haps Mr. Logan can't say yes or no.

18 BRIGADIER QUILLIAM: I think in any one in-  
19 stance he may well have done so, but what I wanted to  
20 remind the Tribunal was Mr. Liebert's statement that  
21 he had used every source and checked a lot of figures  
22 in every possible way before submitting them to the  
23 Tribunal.

24 MR. LOGAN: I only wish we knew what other  
25 books he used, your Honor.

1 THE PRESIDENT: I wouldn't carry on the dis-  
2 cussion any further, Brigadier; there is no need to.  
3 I shouldn't have made that inquiry perhaps, but I was  
4 interested to know whether he did use a book which  
5 you said had no value.

6 BRIGADIER QUILLIAM: I abide of course by  
7 your Honor's ruling, but I was prevented yesterday,  
8 or rather, I refrained yesterday, because I didn't  
9 want to take up more time, from challenging the com-  
10 pletely misleading statement, now repeated by my  
11 learned friend, that the defense have not been fairly  
12 treated in connection with the sources of Mr. Lie-  
13 bert's evidence.

14 MR. LOGAN: The statements I made yesterday  
15 are just as true today, your Honor. I wish we knew  
16 the sources of the rest of his testimony. With the  
17 exception of a few charts, we don't know.

18 THE PRESIDENT: There is no need to say any-  
19 thing, Brigadier. We are clear about the position.

20 Proceed with the reading of the affidavit.  
21  
22  
23  
24  
25



"TABLE 20

Total Tonnage of Steel Merchant Ships and  
Naval Vessels Launched by Yards in Japan  
and Japanese-Controlled Territory, 1934-1940.

	Naval Ships (displ. tons)	Merchant Ships (Gross tons)
1940	157,510	208,014
1939	118,790	342,880
1938	53,812	438,890
1937	52,258	487,357
1936	53,305	305,803 a/
1935	39,762	145,901 a/
1934	30,274	154,860 a/

Source: Glasgow Herald, Annual Trade Review, 1936,  
1937, 1938.  
Lloyd's Register of Shipping. London, Spec-  
ial tabulation supplied in March, 1943.  
Janes' Fighting Ships, 1941. Oriental Econ-  
omist (Tokyo) April, 1936.

a/ Includes only the output in Japan proper.

"2. Government Encouragement and Supervision:

Laws.

a. Shipbuilding Industry Law. 1/ The

China and European Wars necessitated a large increase in the military shipping of Japan. It was necessary to make up for war losses in shipping as well as for the decreases in neutral and world shipping. For the most part Japan had to rely upon her own power

IV Passed by the 74th Session of the Diet in 1939.

1 'and ability for further shipbuilding.

2 "To cope with this newly arisen situation,  
3 Japan enacted several important shipping acts includ-  
4 ing the Emergency Shipping Control Act, the Ship-  
5 building Industry Act, and the Shipbuilding Control  
6 Act. Of these laws, the most fundamental is the  
7 Shipbuilding Industry Act, whose nature and function  
8 it will be well to describe in detail. The law has  
9 been described by a semi-official Japanese source  
10 in this way:

11 "(i) Purpose of the Law. 'The purpose  
12 of the Law is to increase the supply of vessels at  
13 low costs and the maintenance of adequate shipbuild-  
14 ing capacity from the viewpoint of national defense.  
15 The law as passed by the 74th session of the Diet in  
16 1939 provides measures for Government protection and  
17 control of the shipbuilding industry.'

18 "(ii) Government Supervision. 'By this  
19 Law the shipbuilding industry is brought under strict  
20 Government supervision. The establishment of new  
21 enterprises, amalgamation, and cessation of work of  
22 shipbuilding companies are subject to permission from  
23 the Government.'

24 "(iii) Shipbuilders' Privileges. 'Ship-  
25 builders, however, are given the right of eminent



1 domain and are allowed to issue debentures to an  
2 amount twice their paid-up capital. The government  
3 may issue instructions as regards the building of hulls,  
4 engines, and equipment not yet made in this country,  
5 and may grant subsidies in such cases. It may also  
6 order shipbuilders to use domestic products in build-  
7 ing hulls, engines, and equipment. The government  
8 may set standards for quality and may disqualify prod-  
9 ucts which do not conform to this standard.'

10 "(iv) Government Subsidy and Indemnity,

11 The Government may, if necessary for the promotion  
12 of the shipbuilding industry, grant subsidies to  
13 either shipbuilders or shipowners. The Government  
14 may, in the public interest, order shipbuilders to  
15 effect changes in prices for vessels, hulls, engines  
16 and equipment, as well as in repair costs, etc. The  
17 Government may also, when deemed necessary in the  
18 public interest, demand the installation, enlarge-  
19 ment and improvement of equipment, the repair of ves-  
20 sels, hulls, engines, and equipment, and the estab-  
21 lishment of facilities for research on specified  
22 subjects. The Government may indemnify shipbuilders  
23 for any losses incurred by shipbuilders in the execu-  
24 tion of these orders.  
25

"(v) The Right to Organize Compulsory

1 Cartels. 'The Law also contains provision for cooper-  
2  
3 ative associations which may be organized by ship-  
4  
5 builders for collective purchasing, administration  
6  
7 of materials, establishment of facilities for common  
8  
9 use, control of business activities of members, and  
10  
11 research work for the common benefit. The Govern-  
12  
13 ment may order members of these associations to  
14  
15 comply with regulations and may instruct outsiders  
16  
17 to join the organizations. Finally, the Government  
18  
19 may instruct such organizations to undertake certain  
20  
21 activities for the healthful development of the  
22  
23 industry.'

14 "b. Fundamental Shipbuilding Regulations.

15 While thus strengthening the control over shipping  
16  
17 and shipbuilding on the one hand, Japan adopted six  
18  
19 measures in 1939 describing the standard for cargo  
20  
21 vessels in order to encourage construction of these  
22  
23 vessels on the other. Out of this a new national  
24  
25 shipping policy grew up, under which a number of  
plans were put into execution.

"But as an aftermath of 7 December 1941 a  
demand for more rapid increase in Japan's shipbuild-  
ing arose. To meet the situation, a set of funda-  
mental systematic shipbuilding regulations were



1        adopted and made public in May 1942. These regula-  
2        ations were drawn up on the assumption that shipbuild-  
3        ers were to build, according to government plan and  
4        with powerful government assistance, as many ships  
5        within a certain period of time as the demand war-  
6        ranted. For the realization of this program, the  
7        following technical qualifications were considered  
8        essential:

9                "(i) For a determined standard-size ship,  
10        certain fixed specifications of the ship's hull,  
11        engine equipment, and other parts were to be furnished  
12        to the builder along with the necessary drawings. The  
13        idea was to help facilitate mass production of ships.  
14        It was, in short, to standardize the planning, so  
15        that complications would no longer arise as they had  
16        in the past when different shipbuilders presented  
17        individual ideas, plans and drawings.

18                "(ii) With regard to the order for a non-  
19        standard ship, construction work would not be accepted  
20        generally, except in such a special case as the build-  
21        ing of a passenger boat.

22                "(iii) In order to obtain the highest degree  
23        of efficiency from every individual shipyard, each  
24        yard would be assigned the building of a certain class  
25        of ship under the standardization plan, and would

1 make the construction of such a type its speciality.  
 2 There were nineteen classes, all told, running as  
 3 follows: six classes or grades for cargo vessels,  
 4 three for oil tankers, one for ore-carrying ships,  
 5 five for wooden vessels, and four for wooden barges.  
 6 The classes were divided as follows:

7 Freighters:

8	Type A	Total Tonnage	6,300 tons
	Type B	Total Tonnage	4,400 tons
9	Type C	Total Tonnage	2,700 tons
	Type D	Total Tonnage	1,900 tons
10	Type E	Total Tonnage	830 tons
	Type F	Total Tonnage	495 tons

11  
 12 Tankers: Total tonnage of 10,000 tons, 5,000 tons  
 and 1,000 tons.

13 Mineral ore freighters: Total tonnage of 5,500  
 14 tons.

15 The above vessels are made of steel. Vessels  
 16 of smaller types, due to the lack of steel, are made  
 17 of wood. They are called standard wartime wooden  
 18 ships. They may be divided into two kinds:

19 Wooden freighters: Total tonnage of 250 tons,  
 20 200 tons, 150 tons, 100 tons and 70 tons.

21 Light wooden ships: Loaded tonnage of 300 tons,  
 200 tons, 150 tons and 100 tons.

22 "c. Other Rationalization Techniques.

23 Aside from the point that individual  
 24 builders were to come under the standardized shipbuild-  
 25 ing scheme, the following points were also stressed:



1           "(i) Standardized specification for steel  
2 used in shipbuilding, (ii) development to the utmost  
3 of the scope within which substitute materials are used,  
4 (iii) simplification of the ship's hull, engine, and  
5 equipment, (iv) expansion of the scope within which  
6 electric welding is applied, and (v) general saving  
7 of materials by improving shipbuilding technique.

8           "3. Administration

9           a. The Navy Ministry (Kaigun-sho). On  
10 5 February 1942, the Government promulgated the Imper-  
11 ial Ordinance relating to the special wartime case of  
12 jurisdiction with regard to the business of shipbuild-  
13 ing. This (a) limited the authority of the shipbuild-  
14 ing industry to regulate the supply and demand of  
15 important materials used for ships (i.e., set up a  
16 priority system); and (b) transferred to the juris-  
17 diction of the Ministry of the Navy, for the duration  
18 of the war only, jurisdiction (hitherto in the hands  
19 of the Minister of Communications (Tsushin-sho)) over  
20 construction and repair of merchant vessels.

21           "Besides insuring elasticity between mater-  
22 ials for naval construction and materials for merchant  
23 ship construction, this change made a single system  
24 out of the two construction plans, and in general  
25 contrived to regulate both. This put the construc-

1 tion of naval and merchant vessels fundamentally on  
2 the same footing. For it was desirable that the ques-  
3 tion of the relative percentage of naval and merchant  
4 craft to be constructed should be governed by a unif-  
5 ied plan, in accordance with the availability of  
6 materials, building facilities, and current require-  
7 ment.

8 "Only ~~general~~ schedules, however, were to be  
9 set up by the Navy Ministry, while the allocation of  
10 orders and ~~raw materials~~ for specific yards were to  
11 be handled by the industrial Equipment Management  
12 Corporation on the one hand, and by the Shipbuilding  
13 Control Association (Zosen Toseikai), on the other.

14 "b. Industrial Equipment Management  
15 Corporation. Under the system of standard produc-  
16 tion and unified design which we have already describ-  
17 ed, ordering of ships by a single authority was ines-  
18 capable, and the machinery that was set up to play  
19 the part of the single ordering authority was the  
20 Industrial Equipment Management Corporation. This  
21 National Policy Company took over the wartime standard-  
22 pattern ship program, on the basis of the government  
23 ship construction plans, and gave contracts to all  
24 the shipyards.  
25

"Aside from these activities, the corpor-



1     ation became the main instrument for financing Japan-  
2     ese shipbuilders and guaranteeing them against loss.  
3     In effect, it was<sup>at</sup>/the same time a device for subsid-  
4     izing the industry and for providing it with compen-  
5     sation in the case of loss, all at public expense.

6             "According to the charter of this corporation,  
7     the necessary number of ships are to be assured as long  
8     as the country needs them. This the government accom-  
9     plishes, on the one hand, by making part of the cost  
10    of building new ships a direct national burden, and,  
11    on the other hand, by supplying floating capital for  
12    shipbuilding. By revising the ordinance concerning  
13    compensation of losses, the Government raised the  
14    limit of the floating capital it would supply from  
15    two-thirds to four-fifths of the capital value of any  
16    one shipyard. By lowering the sphere of application  
17    of these provisions it extends them to all ships  
18    classified as small wartime standard-pattern ships.  
19    It has also equalized compensation for loss of capital  
20    through its monetary organ, the Industrial Bank of Japan.  
21    (In connection with shipbuilding finances it is inter-  
22    esting to note that the Bank of Japan allegedly sup-  
23    plied ¥ 192,000,000 in 1942, in addition to the cap-  
24    ital coming from other government agencies).  
25

       "In the event that there ceases to be a

1 national need for the finished ships and the corpora-  
2 tion shall have occasion to sell them for private  
3 use, it has been decided that the Government shall  
4 pay compensation for losses incurred by the corpora-  
5 tion and that the standard prices for constructing  
6 ships and for transferring them shall be decided by  
7 the Government.

8 "The foregoing practices, besides establish-  
9 ing a financial policy, made the IEMC responsible  
10 for the positive expansion of shipbuilding through  
11 the application of two pivotal principles, namely,  
12 simplification of pattern and unitary construction --  
13 one yard, one type. (See Appendix IVe for additional  
14 details).

15 "c. Shipbuilding Control Society. The  
16 Shipbuilding Control Society is the central body di-  
17 recting the control associations in this industry.  
18 (To the Society is appended a consultative associa-  
19 tion which includes the related industrial control  
20 associations). The Shipbuilding Control Society  
21 assists in handling the supply of materials under a  
22 priority system. Affiliated with the central Ship-  
23 building Control Society are five regional shipbuild-  
24 ing consultative associations made up of the medium  
25 and small scale manufacturers.



1           "According to a semi-official Japanese source,  
2 the Shipbuilding Control Society has been described as  
3 one of the planning agencies for general advancement  
4 of national power which has been established in Tokyo  
5 in accordance with the Major Industries Association  
6 Ordinance of September 1941. Member organizations  
7 of this society are designated by the Navy Ministry  
8 (formerly by the Ministry of Communications) on the  
9 basis of the following requirements:

10           (i) Any shipbuilding association which builds  
11 ships over 100 meters long or constructs engines for  
12 ships, or both, may be admitted as a member organiza  
13 tion.

14           (ii) Any shipbuilding proprietor who cannot  
15 meet the foregoing requirements is not to be admitted.

16           (iii) Any proprietor who manufactures or repairs  
17 parts for ships of the required length as mentioned  
18 above may become a member.

19           (iv) Exceptions to the above regulations may be  
20 made upon the approval of the Navy Ministry (formerly  
21 upon approval of Communications Ministry).

22           "The principal aim of the control society is  
23 to construct and repair ships within the framework  
24 of national planning of the Japanese Government. In  
25 order to carry this program into effect the society

1 has also to secure the necessary raw materials and  
2 apply expert technique. The leading personnel members  
3 of the Shipbuilding Control Society include the Pres-  
4 ident of the Society, the Chairmen of the Board of  
5 Directors, several Directors, several Supervisors,  
6 and several Advisers. The President of the Society  
7 is appointed by the Navy Minister (formerly by the  
8 Communications Minister). The Chairman and Members  
9 of the Board of Directors are appointed by the Pres-  
10 ident of the Society, but with the approval of the  
11 same Minister, who, as he sees fit, may order the  
12 dissolution of the Shipbuilding Control Society. The  
13 Society holds an annual meeting at its General Head-  
14 quarters within two months following the end of each  
15 year. Provisional meetings may be called upon the  
16 suggestion of the President.

17 "Each member organization is required to  
18 make reports to General Headquarters concerning its  
19 construction progress, the condition of ships which  
20 it is repairing, the nature of the furnishings of its  
21 ships, establishment of new branches or various  
22 changes, relating to the ships themselves, labor,  
23 capital, and planning. (See Appendix IVf for a list  
24 of members of the Shipbuilding Control Society).  
25

"d. Local Associations (Kumiai) in



1 Wooden Shipbuilding. At the outbreak of war, Japan's  
2 wooden shipbuilding industry consisted of over 3,000  
3 yards, most of them employing less than ten workers  
4 and building small vessels by traditional handcraft  
5 methods. To unify and expand them to an industry cap-  
6 able of building a cargo fleet of significant dimens-  
7 ions has meant a drastic reorganization of the industry.

8 "The first step was the forced consoli-  
9 dation of these yards under centralized government  
10 control. The 3,000 yards were reduced by merger to  
11 500 and these in turn organized into 41 local associa-  
12 tions, or Kumiai (in all urban and rural prefectures).  
13 These wooden shipbuilding associations were further  
14 organized into one unit, the Japanese Federation of  
15 Wooden Shipbuilding Associations.

16 "Quotas of wooden vessels designed  
17 according to standard specifications were then allotted  
18 to each firm by the Japanese Federation of Wooden Ship-  
19 building Associations (later merged in or affiliated  
20 with the Shipbuilding Control Society under the "New  
21 Economic Structure"), under the direct control of the  
22 Ministry of Communications (later probably under the  
23 Navy Ministry.) The Navy, which controls steel ship  
24 construction, was given supervisory power over the  
25 building of vessels under fifty meters, as well as

1 the control over the supply of engines and fittings.  
2 Quotas of materials, machinery, tools, etc., were  
3 allocated under the national economic mobilization  
4 plans. Low-cost financing and bonuses for produc-  
5 tion afforded financial incentives."

6  
7 "Excerpts, pages IV-239; IV-252 - IV-257;  
8 IV-259 - IV-269."



1 THE PRESIDENT: Mr. Logan, we gave the prose-  
2 cution the right to submit synopses of documents --  
3 affidavits in their case. I suggest that you also  
4 exercise the right, which is extended to you. Your  
5 case is not improved by smothering us with a welter  
6 of details like these. It would be better for you  
7 to pick out the things that really matter and put  
8 them in the form of a synopsis, which the prosecution  
9 could not object to, because we allowed them to do it.  
10 They tendered the whole document, which was an affi-  
11 davit, in every case if I recollect rightly, and read  
12 a synopsis of it. I think only the synopsis went into  
13 the transcript.

14 MR. LOGAN: That was only with regard to  
15 atrocities, your Honor. They had such a volume of  
16 evidence as to that that it was thought advisable to  
17 do that at that time. But no suggestion has been made  
18 to us prior to this. If it had been made six weeks  
19 ago, we would have endeavored to do something along  
20 that line.

21 THE PRESIDENT: You can still tender all  
22 these documents you have prepared and they will be  
23 admitted, subject to any objections. You will give  
24 us in addition a synopsis and read only the synopsis,  
25 not the documents. That won't take a lot of time.

1 MR. LOGAN: Of course we have communications  
2 and letters in addition to these basic documents on  
3 economics. Do you mean a summary of those too?

4 THE PRESIDENT: I am just telling you you  
5 have the right to do it. I am advising you to exer-  
6 cise it. It is for you to decide whether you will.

7 MR. LOGAN: We now offer in evidence defense  
8 document 501-E, which is an excerpt from the Far East  
9 Yearbook for 1931 that was marked for identification  
10 yesterday.

11 This excerpt succinctly sets forth the high-  
12 lights of Japan's financial policy from 1931 to 1938.  
13 I didn't intend to offer this, if it please the Court,  
14 if the document I had offered from Fahs yesterday had  
15 been accepted, but you suggested at that time that we  
16 get this information from the Far East Yearbook and  
17 this is that document.

18 THE PRESIDENT: Admitted on the usual terms.

19 CLERK OF THE COURT: Defense document 501-E  
20 will receive exhibit No. 2769.

21 (Whereupon, the document above referred  
22 to was marked defense exhibit 2769 and received  
23 in evidence.)

24 MR. LOGAN: Reading from exhibit 2769:

25 "FROM THE FAR EAST YEAR BOOK 1941.



"THE RECENT SITUATION

"GENERAL REMARKS

"The military outbreak in Manchuria in 1931 marked the first turning point in the financial policy of the Japanese Government. The change had to be made to meet the emergency conditions brought about by the country's advance on the continent. The new state born in Manchuria had to be financially aided. For her defense Japan assumed full responsibility. Manchuria's natural resources had to be developed at a high tempo to supply raw material for the expanding needs of Japan's heavy industries. All these and other undertakings involved heavy capital outlays. Japan's financial operations rapidly expanded, and the situation was met almost entirely by means of public borrowing. There was a definite departure from the deflationist policy rigidly enforced by Finance Minister INOUE under the HAMAGUCHI administration. But this period of stringent economics and low costs had laid the foundations for the period of productive expansion that was to follow under the so-called "semi-wartime conditions" of the country and that continues under the full wartime conditions imposed on the country by the undeclared war with China. The growing

1 financial requirements were also met in good part by  
2 extending trade activities abroad.

3 "SECOND TURNING POINT

4 "The second turning point in the financial  
5 policy of the country was seen in the period of which  
6 the now historic 'incident on February 26,' 1930 was  
7 the most outstanding landmark. With the rise of  
8 military influence, emphasis was laid upon the defense  
9 adjustment of the country. Under the policy of Fin-  
10 ance Minister Baba the growing state expenditures  
11 were met partly by increased taxation and partly by  
12 borrowing. The plan, however, of extensively managed  
13 economics which he was to have embarked upon proved  
14 unpopular. Finance Minister Yuki who followed him  
15 chiefly directed his policy to 'The expansion of pro-  
16 ductive capacity.'

17 "THIRD TURNING POINT

18 "The third turning point was noted after  
19 July, 1937 when the undeclared war broke out with  
20 China. Under the wartime conditions now imposed on  
21 the country the popular legislature met and approved  
22 the fiscal program involving an increase of taxes and  
23 further public borrowings. A total of ¥ 2,500 mil-  
24 lion was voted as was expenses for the period July,  
25 1937 to January, 1938. The wartime financial policy



1 of the country was now based on three fundamental  
2 principles, namely, 'expansion of productive power,'  
3 'the maintenance of the country's international pay-  
4 ment balance,' and 'the adjustment of supply and de-  
5 mand of commodities.'

#### 6 "FOURTH TURNING POINT

7  
8 "The fourth and last turning point came when  
9 on January 16, 1938, the Japanese Government declared  
10 that 'it would no longer deal with Chiang Kai-shek  
11 or his Government.' In plain language this statement  
12 meant two things: first, that Japan had definitely  
13 broken diplomatic relations with the Nationalist regime  
14 of China; and second, that Japan was to prepare her-  
15 self for any 'long term resistance' that China might  
16 offer. Under these wartime conditions the Government  
17 had to re-examine its financial policy and reshape it.  
18 The Imperial Diet, meeting in session in January, 1938,  
19 approved a number of legislative measures involving  
20 sweeping changes in the fields of state economy, cor-  
21 porate finance, foreign trade, industries, and labor.

#### 22 "PREVENTION OF INFLATION

23  
24 "Next, emphasis is laid on the prevention  
25 of inflationary developments, which are thought like-  
ly, and even inevitable in some quarters, as a result

1 of heavy bonded borrowings. One of the first steps  
2 taken in the same direction is the encouraging of  
3 savings. This was made definite when ex-Finance  
4 Minister KAYA spoke at the meeting of savings banks  
5 in April, 1938, shortly after the conclusion of the  
6 Diet session. He said that the savings made annually  
7 through the financial institutions amounted to some-  
8 thing like ¥2,500 million. This amount should be  
9 raised to ¥7,000 and even to ¥8,000 million for 1938.  
10 He gave the annual income of the nation at approximate-  
11 ly ¥15,000 million. Popular savings are also to be  
12 encouraged, a special bureau being established for  
13 this purpose with an independent budgetary appropria-  
14 tion of ¥1 million.

15 "ECONOMIES IN CONSUMPTION

16 "Since any undue inflation of the circula-  
17 tion is to be avoided, the official policy is now  
18 chiefly directed toward rigid economics in consump-  
19 tion. The restriction of imports is now leading to  
20 the control of consumption in the country, as seen in  
21 the cases of cotton goods, rubber, petroleum, etc.  
22 The investment of capital reserves in any lines outside  
23 the province of wartime industries has been checked  
24 under the revised law for regulation on capital,  
25 effective since January, 1938. Capital payment and



1 debenture issuance are also now subject to strict  
2 control. At the same time the corporations capitali-  
3 zed at over half a million were one and all required  
4 to report their capitalization schemes for 1938 by  
5 the middle of February, 1938. The operations of  
6 capital reserves held by the life insurance companies  
7 were placed by Imperial Ordinance, issued on January  
8 11, 1938 under the joint supervision of the three  
9 Ministers of Commerce-Industry, Finance and Welfare.  
10 This system practically enforces on the insurance com-  
11 panies the duty of purchasing national bonds."

12 THE PRESIDENT: I think the Second Turning  
13 Point was in February 1932 -- 1936.

14 MR. LOGAN: Yes.

15 THE PRESIDENT: We will adjourn until half-  
16 past one.

17 (Whereupon, at 1200, a recess was  
18 taken.)

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2 control. At the same time the corporations capitali-  
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1 MARSHAL OF THE COURT: The International  
2 Military Tribunal for the Far East is now resumed.

3 THE PRESIDENT: Mr. Logan.

4 MR. LOGAN: If the Tribunal please, we now  
5 offer in evidence defense document 501D which is an  
6 excerpt from the Far East Year Book of 1941. This docu-  
7 ment is offered for the purpose of showing the national  
8 debt of Japan up to 1940.

9 THE PRESIDENT: Admitted on the usual terms.

10 CLERK OF THE COURT: Defense document 501D  
11 will receive exhibit No. 2770.

12 (Whereupon, the document above re-  
13 ferred to was marked defense exhibit No.  
14 2770 and received in evidence.)

15 MR. LOGAN: I now read exhibit 2770, being  
16 defense document 501D from the Far East Year Book of  
17 1941, page 239.

18 "NATIONAL DEBT

19 "The Russo-Japanese War 1904-05 increased the  
20 debt by 1,500 millions, making a total of 2,189 millions.  
21 For the railway nationalization, 606 millions was raised  
22 in 1906, the total rising to 2,585 millions on the level  
23 of which the debt was stabilized with no remarkable in-  
24 crease until the end of the World War. From the Armis-  
25 tice, the national debt began to increase rather steadily.

1 the amount swelling to 1,800 millions in 1923. The  
2 earthquake of 1923 caused an enormous increase of 545  
3 millions for the rehabilitation and restoration of the  
4 stricken area. The financial crisis of 1927 added a fur-  
5 ther sum of 700 millions. The Sino-Japanese hostilities  
6 which broke out in 1937 is fully responsible for the rapid  
7 increase in the total outstanding. The total outstanding  
8 at the end of 1936 was 10,395 million Yen which had ad-  
9 vanced to 21,520 millions in 1939 and to 25,622 millions  
10 at the end of September 1940.

11 "For repayment of the national debt a sum equiv-  
12 alent to 1.16 per cent of the total funded debt outstand-  
13 ing at the beginning of each financial year is yearly bud-  
14 geted for the Sinking Fund. In practice, budget surplus  
15 do not automatically go to the debt redemption, but under  
16 an Act of 1927 no less than a quarter of each year's sur-  
17 plus is made applicable for such purposes."  
18  
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1 I offer in evidence defense document No.  
2 1678 -- it is a corrected copy -- which is an excerpt  
3 from Japan's Statistic Year Book of the 59th Session  
4 of the Imperial Japanese Statistics in 1940.. This  
5 excerpt shows the import and export trade of Japan from  
6 1935 to 1939. We shall read the figures referring to  
7 total amounts of Netherlands Indies, Great Britain,  
8 United States, Canada and Australia.

9 THE PRESIDENT: Brigadier Quilliam.

10 BRIGADIER QUILLIAM: May it please the Tri-  
11 bunal, we object to this document which, we submit,  
12 has no application to the issues in this case. It is  
13 merely a collection of import and export statistics  
14 not related, in our submission, to any issue raised by  
15 the Indictment or the evidence.

16 MR. LOGAN: If the Tribunal please, we are  
17 presenting these figures to show the effect which the  
18 sanctions had later on on the import and export trade  
19 of Japan, the tremendous --

20 THE PRESIDENT: You gave us these figures  
21 yesterday, didn't you, in the form of a graph? And  
22 you showed, I think, the trade with each country in  
23 circles.

24 MR. LOGAN: That was in percentages, your  
25 Honor. This is in figures.

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21 yesterday, didn't you, in the form of a graph? And  
22 you showed, I think, the trade with each country in  
23 circles.

24 MR. LOGAN: That was in percentages, your  
25 Honor. This is in figures.



1 THE PRESIDENT: The graph is probably suf-  
2 ficient. I think the figures were given, also, for  
3 particular countries. I remember the Australian fig-  
4 ure, seventy-one millions. It is just as helpful to  
5 us as this.

6 MR. LOGAN: I may have been mistaken, but I  
7 thought it was just percentages.

8 THE PRESIDENT: Yes, the Australian figure  
9 appears here, "71 million." That is unnecessary  
10 duplication.

11 MR. LOGAN: They are percentages, your Honor,  
12 to exhibits, and they are only for the two years, '38  
13 and '39. These are the figures from '36 to '39.

14 THE PRESIDENT: There is no desire manifested  
15 by any of my colleagues to have this additional inform-  
16 ation.

17 MR. LOGAN: May I say this, your honor: that,  
18 we are offering these figures to show the total export  
19 and import trade for these years primarily with re-  
20 spect to the five nations which I have named, and to  
21 show that, by the imposition of these sanctions in  
22 July 1941, the greater part of Japan's import-export  
23 trade was strangled.

24 THE PRESIDENT: For that purpose the graphs  
25 are just as effective as this document now tendered.

1 The objection is upheld and the document rejected as  
2 cumulative.

3 MR. LOGAN: We offer in evidence defense docu-  
4 ment 1763 which is an excerpt from the Official Gaz-  
5 ette, dated January 22, 1930, reporting the statement  
6 of Minister HAMAGUCHI before the Diet on January 21,  
7 1930 on the Gold Embargo.

8 THE PRESIDENT: Brigadier Quilliam.

9 BRIGADIER QUILLIAM: May it please the Tri-  
10 bunal, this is the first of thirty-three documents  
11 which contain speeches in the Diet by various mem-  
12 bers of the government with respect to measures sub-  
13 mitted. We submit that this document is irrelevant  
14 and immaterial and would direct attention in the  
15 first place to its date, 1930. The first part, about  
16 four pages, deals with the reasons for the lifting of  
17 the Gold Embargo in 1930. The balance consists of  
18 various general observations regarding commerce and  
19 industry in Japan. It is submitted that none of these  
20 matters assist the determination of the issues and  
21 that ~~all~~ the matters are too remote for the considera-  
22 tion of the Tribunal.

23 MR. LOGAN: When prosecution's witness Liebert  
24 presented his report he covered forty-five laws passed  
25 by the Japanese Diet and made comments on them favor-



1 able to the prosecution. While this particular ex-  
2 hibit is a little long, all the others we have with  
3 respect to the laws which we deem pertinent and that  
4 the Court should have information on are very short.  
5 These are all statements made by the ministers of  
6 state who introduced these bills in the Diet at the  
7 time they were introduced to set forth the purpose  
8 of the bills. They are statements which were made  
9 upon which the government acted. It sheds an entirely  
10 different light upon these bills than what is endeavored  
11 to be portrayed by the prosecution.

12 THE PRESIDENT: Did the prosecution tender  
13 these bills?

14 MR. LOGAN: No.

15 THE PRESIDENT: Liebert gave resumes of them  
16 all?

17 MR. LOGAN: The bills --

18 BRIGADIER QUILLIAM: They are not bills.

19 MR. LOGAN: I didn't say it was a bill. The  
20 bills are not in evidence yet. These are the state-  
21 ments made by the ministers of state who introduced  
22 the bills in the Diet at the time they were intro-  
23 duced.  
24

25 This particular document shows how the con-  
trols and industries came into existence with regard

1 to Japan's industrialization policy. And you will re-  
2 call that the prosecution's contention is that Japan's  
3 industrialization was built up for the purpose of es-  
4 tablishing a totalitarian regime. Certainly, the  
5 best evidence as to the purpose of the bill is the  
6 statement made by the minister of the responsible  
7 party who introduces it at the time it is introduced,  
8 when there is no reason for him to state anything else  
9 other than the truth.

10 Some of the bills, of course, Liebert just  
11 mentioned and let it go at that, and others he made  
12 a great deal of comment about. Now, this is the best  
13 evidence of what the purpose of those bills was. In  
14 other words, the prosecution will try to convey the  
15 picture that Japan deliberately, with premeditation,  
16 set out during the years covered by the Indictment to  
17 build up a planned economy for military, war purposes  
18 in preparation for aggressive war. This shows that  
19 that is not so.

20  
21 THE PRESIDENT: The minister's explanation  
22 is not conclusive. It would be if we must assume he  
23 told the truth. But, of course, we make no such  
24 assumption. However, you are entitled to prove the  
25 purpose of the bill if it is alleged by the prosecu-  
tion that its purpose was war and you say its purpose



1 was not war.

2 MR. LOGAN: That's right.

3 THE PRESIDENT: But why in this roundabout  
4 way? Couldn't you have a summary showing what was  
5 said about each bill by the minister introducing it?

6 MR. LOGAN: As I say, unfortunately, this  
7 first one is rather long, but the rest of them are  
8 rather short. I might also add that all these state-  
9 ments by these ministers go to the question of con-  
10 spiracy, whether these accused conspired to build up  
11 this planned, regimented economy for waging aggressive  
12 war.

13 THE PRESIDENT: Well, this particular minis-  
14 ter became Prime Minister, did he not? He was assassi-  
15 nated because he was opposed to war. He would hardly  
16 be within the ambit of any conspiracy.

17 BRIGADIER QUILLIAM: May it please the Tri-  
18 bunal, this particular document does not deal with a  
19 law or ordinance before the Diet. It deals with the  
20 lifting of the embargo which is not a matter put in  
21 issue in any way in the prosecution's case. Liebert,  
22 at paragraph 123 in exhibit 840, made merely passing  
23 reference to the failure of the lifting of the gold  
24 embargo -- to the failure of that step. That was  
25

1 merely preliminary to other matters which were rele-  
2 vant. Our point is that this subject of the lifting  
3 of the gold embargo in 1930 and these other matters  
4 in 1930 are too remote to be helpful to the Tribunal.  
5 That is all.

6 THE PRESIDENT: Perhaps a bit of Japanese  
7 history may be helpful, but why trace it at such great  
8 length? Why don't you summarize it for us?

9 MR. LOGAN: I do not think a summary could be  
10 put any shorter than the documents we are introducing  
11 with respect to these laws, and this is the beginning  
12 of the industrialization that this particular docu-  
13 ment refers to.

14 THE PRESIDENT: Are the other documents very  
15 lengthy?

16 MR. LOGAN: No.

17 THE PRESIDENT: By a majority, the Court  
18 overrules the objection and admits the document.

19 CLERK OF THE COURT: Book entitled "Steno-  
20 graphic Record of the House of Representatives, 57th  
21 and 58th Session," in Japanese, will receive exhibit  
22 No. 2771 for identification; and the excerpt there-  
23 from, bearing defense document No. 1763, will receive  
24 exhibit No. 2771A.  
25

(Whereupon, the book above referred



1 to was marked defense exhibit No. 2771 for  
2 identification; and the excerpt therefrom,  
3 defense document No. 1763, was marked de-  
4 fense exhibit No. 2771A and received in  
5 evidence.)  
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MR. LOGAN: (Reading).

1 "The stenographic Record No. 3 of the pro-  
2 ceedings at the 57th session of the House of Repre-  
3 sentatives, the Imperial Diet.

4 "January 21st, 1930.

5 "The minister of State (Mr. HAMAGUCHI Osachi.

6 "The government long ago declared, both at  
7 home and abroad, the lifting of the gold embargo as  
8 one of the most important policies, and since the for-  
9 mation of the Cabinet, preparations have been made  
10 steadily toward this end. As I have already stated,  
11 the government has put into practice various policies  
12 such as financial retrenchment, consolidation of public  
13 loans and economy on consumption, and, at the same time,  
14 had strived to gradually fill up the specie abroad.

15  
16 As the result of our effort to gradually increase the  
17 balance abroad by taking advantage of the recent strong  
18 tone of the exchange market, the total sum of the specie  
19 abroad, which was only about 83,000,000 Yen at the end  
20 of June, last year, that is, just before the formation  
21 of the present Cabinet, already passed the three hundred  
22 million Yen mark in November 1929, last year, namely,  
23 at the time when the Finance Ministry ordinance regard-  
24 ing the lifting of the gold embargo was issued. Thus  
25 the position of our specie abroad has become very strong,



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22 million Yen mark in November 1929, last year, namely,  
23 at the time when the Finance Ministry ordinance regard-  
24 ing the lifting of the gold embargo was issued. Thus  
25 the position of our specie abroad has become very strong,

1 and in addition to it, in order to establish a closer  
2 connection with the key money markets abroad as well  
3 as to set the people's mind fully at ease, the govern-  
4 ment has taken measures so that a credit of one hundred  
5 million Yen be contracted on the British and American  
6 markets between the Yokamaha Specie Bank and the Anglo-  
7 American banking syndicate. Moreover, the leading  
8 British and American bankers have shown their special  
9 goodwill toward the lifting of the gold embargo by Japan,  
10 stating that they would render every spiritual support  
11 to it. On the other hand, our foreign trade for last  
12 year was remarkably improved, and whereas the total sum  
13 of exports and imports amounted to about 4,364,000,000  
14 Yen, the amount of the excess of imports over exports  
15 was only about 67,000,000 Yen. As compared with the  
16 total sum of exports and imports of 4,168,000,000 Yen  
17 for the year 1928, the above-mentioned adverse balance  
18 of trade showed a decrease by 156,000,000 Yen. Again,  
19 even if the adverse balances of trade for Chosen and  
20 Taiwan be added to that for Japan proper, the total sum  
21 of excess of imports over exports is less than 170,000,000  
22 Yen. Thus the international trade of Japan has been quite  
23 remarkably improved recently. As the situation turns  
24 favorably toward us, the exchange rate of the Yen has  
25 risen slowly but steadily, and gradually approached the



1 exchange rate at par. All internal and external pre-  
2 parations have been completed, and we have come to be  
3 firmly convinced that there is absolutely no fear of  
4 causing an economic crisis even if we carry out the  
5 lifting of the gold embargo. Accordingly, the gov-  
6 ernment issued the Finance Ministry ordinance regard-  
7 ing the lifting of the gold embargo on November 21st,  
8 last year, which has been enforced since January 11th,  
9 this year. Thus our country has returned to the gold  
10 standard both in theory and in fact. Twelve years have  
11 elapsed since September 1917. It is a matter for  
12 hearty congratulation that the obstacles of the gold  
13 embargo have been lifted and our country has returned  
14 to normal condition in the international economy.  
15 This is the result of the understanding and co-  
16 operation on the part of the whole nation to which I  
17 wish to express my hearty gratitude.

18  
19 "In putting the lifting of the gold embargo  
20 into practice, the government has made, with the co-  
21 operation of the people, full preparation for it, as  
22 I have stated above. So it was the firm belief of  
23 the government that nothing deplorable would happen  
24 as a result of the lifting of the embargo. As a  
25 matter of fact, after the announcement of the forth-  
coming lifting of the gold embargo in November, last

1 year, and at the time of and after the actual lifting  
2 in January 11, this year, the financial situation has  
3 generally been progressing smoothly to the great satis-  
4 faction of the government. But the lifting of the gold  
5 embargo is no more than the first step in the regener-  
6 ation of the economy of Japan which has returned to  
7 its normal state. From now on, our nation must con-  
8 tinue, on the basis of this regenerated economy, a sin-  
9 cere effort towards the solid development of the  
10 national economy, and endeavor to improve international  
11 trade and to support the gold standard. This is indeed  
12 the joint responsibility imposed upon both government  
13 and people. Therefore, the government desires to  
14 continue the policy of strict economy in central and  
15 local finance hereafter as well, and further concen-  
16 trate our efforts in the direction of the promotion of  
17 industry and the development of trade, with the co-  
18 operation of the people.



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"In order to rationalize industry and to investigate important matters concerning the promotion of industry with that in view, the government has decided to establish the Temporary Industry Investigation Commission and at the same time a special department in the government as its executive organ. What the government intends to ask at this moment for investigation as urgent problems are the control of enterprises, the increase of efficiency, the establishment of fundamental construction, the improvement of primitive industrial management, the promotion of home products, the improvement of industrial circulation of money, the rationalization of selling methods, etc. Under the present condition of our industrial world which is in confusion and disorder, and tends to fall into the evil practice of careless and abundant manufacture indulging in reckless competition, I think it is necessary to control enterprises by promoting their union or incorporation in order to avoid multiple investments, to lower production costs and to ensure the completeness and excellence of the quality of products. It goes without saying, however, that such evils as the unreasonable curtailment of operation or the wilful oppression of consumers by stipulating prices should be avoided as

1 much as possible. As for the increase of efficiency,  
2 there are many things to investigate such as the  
3 scientific control and management of enterprises,  
4 the standardization of products, the simplification  
5 of the process of production, etc. In regard to the  
6 improvement of industrial circulation of money, the  
7 most pressing problem is to make the money market  
8 smooth for farmers, manufacturers and tradesmen who  
9 are below average. For this purpose, such plans as  
10 the accommodation of low interest funds, the improve-  
11 ment of credit associations, the increase of public  
12 pawnbrokers and others, indeed, should be investigated  
13 and put into practice, but I believe one effective  
14 method will be to make ordinary banks contribute to  
15 the circulation of money in that direction by suitable  
16 methods. The government will not neglect an earnest  
17 investigation in this respect. To state the case  
18 briefly, unless we occupy a commanding position in  
19 competing with the commodities of the various countries  
20 in the world's trading markets by lowering our pro-  
21 duction costs, the fundamental improvement of inter-  
22 national loans will be impossible to realize. There-  
23 fore, to attain the purpose, the government attempts  
24 to cooperate with the people trying every means. In  
25 addition, the government has presented special estimates



1 in the budget for 1930 to increase expenditure with  
2 regard to the promotion of home production to in-  
3 crease the manufacturer's bounty in important  
4 fundamental industries and at the same time to  
5 materialize the export compensation system. We be-  
6 lieve that is the most opportune policy to materialize  
7 the compensation system of exports to open markets  
8 for our commodities and to promote our export trade  
9 as a policy for the improvement of international  
10 loans. I shall talk about the system in detail some  
11 other day. On the basis of the report of the Inter-  
12 national Loan Investigation Commission, the government  
13 is also planning the establishment of facilities con-  
14 cerning the circulation of money for shipping which  
15 has been demanded for many years, in order to promote  
16 the development of sea transportation which has  
17 brought in the principal income excepting that from  
18 our trade.

19 "Gentlemen! In view of the present social  
20 and economic situation, I believe that it is extremely  
21 obvious that the solution of the unemployment problem  
22 has a tendency to occupy the most important objects  
23 (for study) among social political institutions.  
24 Properly speaking, the fundamental solution of this  
25 problem must solely depend on the stability of

1 financial circles and the prosperity of industry.  
2 Accordingly, the government, investigating and  
3 carrying out the various financial and economic  
4 policies including the lifting of the gold embargo,  
5 intends to make every effort toward the revival of  
6 national economy and the sound development of in-  
7 dustry and trade. Still more, the government will  
8 not fail to investigate and establish facilities as  
9 a plan toward the prevention and the relief of the  
10 present unemployment though we strictly observed a  
11 general policy of strict economy in the budget for  
12 1930, we endeavored to equip and perfect employment  
13 agencies by increasing employment offices or by other  
14 means and also to give full play to their function;  
15 and moreover, adopting the substance of the reply of  
16 the Social Policy Investigation Commission, we estab-  
17 lished the Industry Control Committee in the metropolis  
18 and important districts, and have already had them  
19 investigate matters concerning the control of govern-  
20 ment and private enterprises in this fiscal year so  
21 as to contribute to the neutralization of unemployment,  
22 and have appropriated for the estimates in the coming  
23 budget. Since 1925, the 'big six' cities have been  
24 taking proper measures for the relief of winter un-  
25 employment of free laborers; the government has



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16 the Social Policy Investigation Commission, we estab-  
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20 ment and private enterprises in this fiscal year so  
21 as to contribute to the neutralization of unemployment,  
22 and have appropriated for the estimates in the coming  
23 budget. Since 1925, the 'big six' cities have been  
24 taking proper measures for the relief of winter un-  
25 employment of free laborers; the government has

1 extended considerably the period of execution, the  
2 regions, the kinds of work, maximum number of un-  
3 employed who shall be relieved, etc. and is endeavor-  
4 ing to raise the fruits of the relief. Much more, as  
5 to the prevention and the relief of unemployment, the  
6 government has received proper and useful reports from  
7 the Social Policy Investigation Commission, and so we  
8 are ready to take proper measures as far as the circum-  
9 stances permit taking their purport into consideration.  
10 And also, it is our desire to put the relief law into  
11 practice as soon as our financial circumstances permit."

12 We now offer in evidence defense document  
13 1753 which is an excerpt from the Official Gazette  
14 of April 28, 1930, setting forth the statement of  
15 Minister TAWARA on the industrial policies of the  
16 government before the House of Representatives on  
17 April 27, 1930.

18 THE PRESIDENT: Brigadier Quilliam.

19 BRIGADIER QUILLIAM: May it please the Tribunal,  
20 all we wish to say about this document is that it is  
21 another dissertation in the year 1930 about import and  
22 export conditions and the possibilities of trade and  
23 intentions with regard to trade in the future. It is  
24 not related to any bill and it is suggested that it is  
25 no more helpful than the last document was to the



Tribunal in determining the issues here.

1 THE PRESIDENT: The last document was  
2 admitted, of course. The conspiracy is alleged to go  
3 back to 1928.

4 MR. LOGAN: Yes, to '28.

5 What I said with respect to the last document  
6 applies with equal force to this one.

7 THE PRESIDENT: We are far from clear as to  
8 the value of this testimony but we give you the benefit  
9 of any doubt, Mr. Logan.

10 Admitted on the usual terms.

11 CLERK OF THE COURT: Defense document 1753  
12 will receive exhibit No. 2771-B.

13 (Whereupon, the document above referred  
14 to was marked defense exhibit No. 2771-B and  
15 received in evidence.)

16 MR. LOGAN: Reading defense exhibit 2771-B,  
17 record of the proceedings of the House of Representa-  
18 tives of the 58th Imperial Diet Session, April 27, 1930.

19 "Minister of State TAWARA: Mr. HORIKIRI  
20 interpellated concerning the industrial policies.  
21 Various remedies are conceivable against the present  
22 depression and unemployment. However, industrial  
23 development is the only basic policy to cope with the  
24 difficulties. For the development of our industries  
25

1 a great deal of effort has been exerted since the  
2 organization of the present Cabinet. Briefly the  
3 basic policy for developing industries amounts to  
4 restricting imports and promoting exports. Little  
5 attention has been paid in the past to the question  
6 of how to prevent imports. We can prevent imports by  
7 producing their substitutes in Japan. According to  
8 statistical tables, the present stage of our industrial  
9 development permits imports to the value of 500 to  
10 600 million yen to be replaced by home manufactured  
11 substitutes. To prevent the importation of 500-600  
12 million yen worth of goods by manufacturing their  
13 substitutes constitutes an important matter. With  
14 this object in view we are encouraging the domestic  
15 production of these goods. In the first place, govern-  
16 mental offices have made special efforts in substitu-  
17 ting domestic articles for foreign goods which they  
18 were using in connection with their operations. To  
19 cite the instance of the Railway Ministry, the Ministry  
20 after investigation adopted the policy of consuming  
21 home-made articles instead of foreign and saved 10  
22 million yen. Other governmental offices are making  
23 similar efforts in replacing as much as possible foreign  
24 goods which they have been consuming with domestic  
25 goods. It is our desire not only to have used domestic



1 substitutes for imported goods, but also governmental  
2 offices propagate the thought and encourage the prac-  
3 tice of patronizing home industries among the general  
4 public. Thus the additional appropriations introduced  
5 now to the Diet include expenditures for such items.  
6 If we should fortunately be able to produce additional  
7 articles as substitutes to one-half the value of such  
8 imports, if not the entire 600 million yen, the increase  
9 of 300 million yen worth of additional production would  
10 have a great effect upon our industrial development.  
11 I believe that, should the articles worth 300 million  
12 yen be additionally produced in this country, and one-  
13 half of their value or 150 million yen should be con-  
14 verted into wages, it would strike at the root of the  
15 unemployment problem of today. Apart from the pre-  
16 vention of the imports, as I have just mentioned.....

17 "Minister of State TAWARA, (continuing):

18 "With regard to encouraging exports, the  
19 Government have included in the additional appropria-  
20 tions expenditures for the execution of such policy.  
21 The measure proposed is the so-called export compensa-  
22 tion system. We contemplate an early introduction to  
23 the Diet of a bill covering this export compensation  
24 system. Explanations as to its contents shall be made  
25 then. Next ....

"Minister of State TAWARA, (continuing):

1       "With respect to the exportation of these  
2 goods, the Government proposes to despatch manufacturers  
3 concerned to all promising parts of the world for  
4 having them conduct investigations, with a view toward  
5 developing new markets and encouraging exportation of  
6 various commodities. For this purpose we are requesting  
7 the Diet's approval of expenditures covering subsidies  
8 to be given. We intend to strive hard for checking  
9 import on the one hand, and for encouraging export on  
10 the other hand. For attaining these objectives, we  
11 can find no alternative than the rationalization of  
12 industries, that is, to sell articles of high quality  
13 at low prices. Needless to say, the rationalization  
14 of industries means control over the enterprises of  
15 one and the same kind, improvement of technique and  
16 management, and simplification of production. The weak-  
17 est point of our manufacturing industries of today may  
18 be that wasteful competition is conducted among differ-  
19 ent enterprises thereby forcing down the market price  
20 of their respective products. Thus our exportation of  
21 such goods have resulted in a meaningless competition  
22 of price in foreign markets, degradation of their  
23 qualities and loss of credit and markets abroad. This  
24 is the evil common to our productive industries at  
25



1 present. It is urgent for the industrial development  
2 to effect control over these enterprises and to establish  
3 coordination among them. The fundamental policy for  
4 the development of our industries lies in the expansion  
5 of domestic production and consumption and the increase  
6 of volume of export of high quality articles abroad,  
7 outwards. Mr. HORIKIRI expressed his opinion that there  
8 is a contradiction between the industrial rationaliza-  
9 tion policy and the Cabinet's retrenchment policy. We  
10 believe the policy of rationalizing industries is by  
11 no means contradictory to that of retrenchment. The  
12 policy for reducing consumption should of course be  
13 pursued. What I mean by saying that we should increase  
14 consumption is that the people are devoted to imported  
15 goods and are apt to use them even for daily needs; that  
16 we should from now on encourage them to patronize home  
17 industries and to consume home-made substitutes for them.  
18 We believe that the industrial rationalization policy  
19 is by no mean contradictory to the retrenchment policy  
20 which an important policy of Government."

22 I shall skip the next document, 1748. It adds  
23 a little more to the gold embargo but is not exactly  
24 necessary.

25 We next offer in evidence defense document  
1765, an excerpt from the Official Gazette of May 9,

1 1930. This document sets forth the speech of Mr.  
2 MAEDA on the introduction of the Shipping Guild Law  
3 Bill before the House of Representatives May 8, 1930.

4 THE PRESIDENT: Brigadier Quilliam.

5 BRIGADIER QUILLIAM: May it please the  
6 Tribunal, we object to this document which is more  
7 about shipping. There has been defense evidence on  
8 this subject of shipping and in addition a long document  
9 was admitted this morning and read. In our submission  
10 this particular document contributes nothing further  
11 and should be rejected as unnecessary.

12 THE PRESIDENT: Mr. Logan.

13 MR. LOGAN: What I said with respect to the  
14 last two documents applies to this one; in addition,  
15 that this particular document explains the control of  
16 the shipping industry by the government. It was not  
17 covered by the documents this morning.

18 THE PRESIDENT: It is not very enlightening.  
19 What particular purpose does it serve?

20  
21 MR. LOGAN: Exactly the same purpose as the  
22 previous documents, your Honor, to show that there was  
23 no conspiracy with regard to the control of the shipping  
24 industry by these accused or by anyone else. It cer-  
25 tainly shows that the control of the shipping industry  
was not for the purpose of aggressive war as claimed by



the prosecution.

1 THE PRESIDENT: Did Liebert deal with shipping  
2 in 1930?

3 BRIGADIER QUILLIAM: No, if it please your  
4 Honor, and it is not the claim of the prosecution that  
5 the control of shipping was for the purposes of war.  
6

7 MR. LOGAN: Does the prosecution contend that  
8 the industrialization of Japan was not for the purposes  
9 of war? Shipping is part of the industrialization.

10 THE PRESIDENT: The whole lot is contained in  
11 the last paragraph, isn't it?

12 MR. LOGAN: Just about, your Honor. I will  
13 read that.

14 THE PRESIDENT: All right, I am certainly not  
15 clear about this. It is admitted on the usual terms;  
16 objection is overruled.

17 CLERK OF THE COURT: Defense document 1765  
18 will receive exhibit No. 2771-C.

19 (Whereupon, the document above referred  
20 to was marked defense exhibit No. 2771-C and  
21 received in evidence.)  
22  
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1 MR. LOGAN: Defense exhibit 2771-C,  
2 "Record of proceedings in the House of Repre-  
3 sentatives in the 58th Session of the Imperial  
4 Diet. May 5th, 1930.

5 "Mr. MAEDA" -- the last paragraph:

6 "In short, this bill aims at giving the guild  
7 compulsory power, to get all shipping agencies to  
8 join it. However, there may be some who are  
9 planning to utilize a low-interest loan, or prevent  
10 the lowering of freightage, through the enactment  
11 of this law, but such is not the reason for the  
12 introduction of this bill; it is to realize common  
13 interest of the shipping agencies; that is, to  
14 increase their welfare by the rationalization of  
15 the shipping circles, and not to envisage such  
16 special interest as alleged by the foregoing. Such  
17 being the case, I earnestly hope that this bill  
18 will receive your approval and be enacted as soon  
19 as possible."  
20  
21  
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1 We now offer in evidence defense document  
2 1737 which is an excerpt from the Official  
3 Gazette of March 1, 1931 reporting the statement  
4 of Minister TAWARA upon the introduction of the  
5 major industries control bill in the House of  
6 Representatives on the 28th day of February 1931.

7 THE PRESIDENT: Brigadier Quilliam.

8 BRIGADIER QUILLIAM: May it please the  
9 Tribunal, this is a typical instance of a discussion  
10 of a bill which has been dealt with by Mr. Liebert  
11 in his evidence. He dealt with it in exhibit 840  
12 at paragraph 94. As we regard the matter, this  
13 contributes nothing further nor is it in contra-  
14 diction to anything that Mr. Liebert has said, and  
15 that is our reason for objecting.

16 MR. LOGAN: I think the Tribunal should be  
17 more interested in accepting a statement of State  
18 Minister TAWARA instead of an interpretation placed  
19 on it by Mr. Liebert.

20 THE PRESIDENT: Here again you have got  
21 the whole of it in the last couple of sentences.  
22 The purpose of this bill may have been the stabiliza-  
23 tion of industries but the motive may have been war.  
24 It is such a neutral type of thing. I think the  
25 whole purpose is in the second last sentence, is it  
not?

1 MR. LOGAN: I will read the last part of  
2 it, then.

3 THE PRESIDENT: Admitted on the usual terms.

4 CLERK OF THE COURT: Defense document 1737,  
5 being a book entitled "Stenographic Records of the  
6 House of Representatives for the 59th Session", in  
7 Japanese, will receive exhibit No. 2772 for identi-  
8 fication only, and the excerpt therefrom, bearing  
9 the same document number, will receive exhibit  
10 No. 2772-A.

11 (Whereupon, defense document No.  
12 1737 was marked defense exhibit No. 2772  
13 for identification; the excerpt therefrom  
14 was marked defense exhibit No. 2772-A and  
15 received in evidence.)

16 MR. LOGAN: I shall read defense document  
17 1737, just admitted in evidence, "Stenographic  
18 Minutes of the House of Representatives at the 59th  
19 Imperial Diet, 28th February 1931. State Minister  
20 TAWARA" -- the last few sentences:

21 "Therefore it becomes most urgent, in view  
22 of the conditions, stated above, to place our major  
23 industries, at least, under strict order and control  
24 in order to secure stabilization. For such reasons,  
25 we have come to lay this bill before you, whose



1 speedy approval we hope will be granted after  
2 mature consideration."

3 We now offer in evidence defense document 1736  
4 which is an excerpt from the Official Gazette of  
5 June 5, 1932, reporting the speech of Minister of  
6 State, Mr. TAKAHASHI, explaining the Capital  
7 Flight Prevention Bill at the time it was intro-  
8 duced in the Diet.

9 THE PRESIDENT: Admitted on the usual terms.

10 CLERK OF THE COURT: Defense document 1736  
11 being a book entitled "The Stenographic Records of  
12 the House of Representatives for the 60th, 61st,  
13 62nd and 63rd Sessions," in Japanese, will receive  
14 exhibit No. 2773 for identification only, and the  
15 excerpt therefrom, bearing the same document number,  
16 will receive exhibit No. 2773-A.

17 (Whereupon, defense document No.  
18 1736 was marked defense exhibit No. 2773  
19 for identification; the excerpt therefrom  
20 was marked defense exhibit No. 2773-A and  
21 received in evidence.)

22 MR. LOGAN: I shall now read exhibit 2773-A  
23 being defense document 1736, "Stenographic Records  
24 of the Proceedings of the House of Representatives,  
25 62nd Imperial Diet, Saturday, 4th June, 1932.

"State Minister TAKAHASHI:

1 "I shall now give some explanation of the  
2 Capital Flight Prevention Bill listed No. 10 on  
3 the order of the day. Since the year before last,  
4 we have seen the overseas efflux of a good amount  
5 of our domestic capital, as a result of the general  
6 anticipation of fall in the value of yen currency  
7 and of the difference in the rate of interest between  
8 domestic and foreign securities. This trend be-  
9 came particularly notable subsequent to Great  
10 Britain's abolition of the gold standard system in  
11 September last year. Recently our foreign loan bonds  
12 have shown a decline in market price, causing the  
13 flight of capital, which is being resorted to even  
14 today. In the future, too, if the issue of currency  
15 increases in amount, we fear there will be a grow-  
16 ing number of people who attempt to promote the  
17 flight of capital overseas. We need not mention  
18 that in time of peace the international movement of  
19 capital should always be allowed unrestrictedly.  
20 However, today world economy is confronted by an  
21 extraordinary situation, and to prevent the over-  
22 seas efflux of our capital is a measure necessary  
23 for securing national welfare. Besides, such a step  
24 has already been taken by quite a number of countries.  
25



1 "At present, however, there exists no legal  
2 grounds upon which to prevent the flight of  
3 capital. Hence we deem it urgent to introduce a  
4 bill relating to such measures."

5 Defense document 1721 is offered in evidence.  
6 This is an excerpt from the Official Gazette of  
7 February 17, 1933, recording the statements of  
8 Minister TAKAHASHI upon the introduction of the  
9 Foreign Exchange Control Bill in the Diet on  
10 February 16, 1933.

11 THE PRESIDENT: Admitted on the usual  
12 terms.

13 CLERK OF THE COURT: Defense document 1721  
14 and 1722, being a book entitled "The Stenographic  
15 Records of the House of Representatives, 64th  
16 Session," in Japanese, will receive exhibit No.  
17 2774 for identification only, and the excerpt  
18 therefrom, being defense document 1721, will re-  
19 ceive exhibit No. 2774-A.

20 (Whereupon, defense document No.  
21 1722 was marked defense exhibit No. 2774  
22 for identification; the excerpt therefrom  
23 was marked defense exhibit No. 2774-A and  
24 received in evidence.)  
25

1 MR. LOGAN: I shall now read exhibit  
2 2774-A, being the stenographic record of the  
3 proceedings of the House of Representatives on  
4 February 16, 1933.

5 "State Minister TAKAHASHI:

6 "Concerning the Foreign Exchange Control Bill  
7 which has come up for discussion now, I would like  
8 to explain the reasons for its presentation.  
9 Japan's foreign exchange rate gradually declined  
10 since the enforcement of the second gold embargo  
11 towards the end of the year before last, and  
12 finally dropped, in November last year, as low as  
13 \$20 against the United States. In view of Japan's  
14 present international financial balance, such a  
15 decline as this of our foreign exchange rate  
16 cannot be called normal at all. This is merely a  
17 kind of full market founded chiefly on the general  
18 uneasiness coming both out of the present unstable  
19 international relations and the feared inflation  
20 of currency. Suppose no counter measures had been  
21 taken and each individual had been allowed to indulge  
22 in his own way of declination and fluctuation of  
23 our exchange rate would have been much greater than  
24 what it is now on account of the possible flight of  
25 our capital into foreign countries and the domestic



1 and foreign speculations on the 'Yen'. For-  
2 tunately, the Capital Flight Prevention Law, which  
3 has been enforced since July last year by the  
4 approval of the 62nd Session of the Diet, has  
5 proved quite effective. I believe it has been  
6 quite fortunate for Japan that the evil influences,  
7 which could be caused by the outflow of capital from  
8 our country, could have been checked at such a stage  
9 as we have seen them today. However, the above  
10 Capital Flight Prevention Law chiefly aims at  
11 preventing capital from escaping into foreign  
12 countries, especially the outflow of our capital  
13 in the form of purchases of foreign currencies and  
14 foreign currency securities outside of Japan, and  
15 keeps itself as much out of the way as possible of  
16 the normal course of our foreign trade. Therefore,  
17 there are not a few points in this Law that are in-  
18 convenient from the viewpoint of checking speculat-  
19 ive dealings in exchange business and effectively  
20 preventing capital from escaping out of our  
21 country. Moreover, when we look at the present  
22 international financial conditions, we find that  
23 most countries are practising ~~exchange~~ control or  
24 trade control, and are taking various measures in  
25 order to raise customs duties, and in this way each

1 country is jealously protecting her own economy  
2 and domestic industries. Thus, the future develop-  
3 ment of the world situation is beyond our prediction.  
4 We must expect that there will arise the necessity  
5 in the near future also for our country to take some  
6 definite measures to meet the changing economic  
7 conditions of the world. For the reasons above-  
8 mentioned, the Government has presented this bill  
9 to the Diet, in order to obtain a right to issue  
10 ordinances for the purpose of exercising adequate  
11 control over all phases of foreign exchange  
12 according to the development of the national as  
13 well as international situations. With regard to  
14 gold export, the existing Finance Ministry Ordinance  
15 and other orders are not satisfactory in their  
16 effective control, and therefore, we have  
17 incorporated new regulations in this bill so that  
18 a way may be opened for the Government to deal  
19 severely with offenders."  
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1 MR. LOGAN: We now offer in evidence defense  
2 document 1722, an excerpt from the Official Gazette  
3 of March 1, 1933. This document sets forth the speech  
4 of State Minister NAKAJIMA on the introduction of the  
5 Bill to Establish Japan Iron Manufacturing Company  
6 before the House of Representatives February 28, 1933.

7 THE PRESIDENT: Admitted on the usual terms.

8 CLERK OF THE COURT: Defense document 1722  
9 will receive exhibit No. 2774B.

10 (Whereupon, the document above  
11 referred to was marked defense exhibit  
12 No. 2774B and received in evidence.)

13 MR. LOGAN: I now read exhibit 2774B, being  
14 the stenographic record of the proceedings of the  
15 House of Representatives, February 28, 1933.

16 "State Minister (Mr. NAKAJIMA, Kumakichi):

17 "I would like to explain the reason for in-  
18 troducing the Bill to Establish Japan Iron Manufacturing  
19 Company which is now placed on the agenda. The iron  
20 manufacturing industry in our country made a rapid  
21 progress, with the European War as a turning point,  
22 under the government's protective and encouraging  
23 policy on one hand and through the painstaking and  
24 persevering management of the industrialists concerned  
25 on the other, and it has gradually reached the stage of

1 self-sufficiency. However, an observation of the  
2 nature of the management of this industry shows that  
3 its foundation can hardly be called to be sufficiently  
4 firm. Except the prosperous days during the European  
5 War, it went through the lean years on the whole until  
6 recently when it has shown a rather favorable tendency  
7 due to the exchange rate and the increased supply of  
8 steel, although the future of this industry does not  
9 warrant optimism. If the production cost should rise  
10 following the rise of prices, this industry will again  
11 be affected by imported goods; further, should the  
12 matter be left as it is, it would become extremely  
13 difficult to supply sufficient steel at a low price to  
14 meet an ever-increasing demand in the future. The  
15 reason why the foundation of the iron manufacturing  
16 industry in our country is not so firm as stated above  
17 can be attributed to the fact that most of our private  
18 iron manufacturing undertakings were founded or expanded  
19 during the European War, and that improvements of their  
20 equipments and adjustment of their capital were generally  
21 unsatisfactory; furthermore, the depression which has  
22 been continuing since the war has been preventing them  
23 from working out their own industrial rationalization.  
24 Again, the iron works being government managed, their  
25 operations were subjected to various restraints, which,



1 it must be admitted, brought about several facts that  
2 interfered with the development of this industry. This  
3 proved to be a great obstruction in the way of accom-  
4 plishing a unified development of the iron manufactur-  
5 ing industry, as a whole, in our country. In other words,  
6 such disadvantages as the double investment of capital  
7 and the unbalanced installations of equipments were  
8 caused on one hand, and at the same time there was  
9 always a menace, on the other hand, from imported goods  
10 which were ready to take advantage of high cost of  
11 production resulting from independently operated small-  
12 scale enterprises. In view of such present condition  
13 of the iron manufacturing industry in our country,  
14 various measures for its promotion have been advocated  
15 in the past. But a practical measure for the firm  
16 establishment of the iron manufacturing industry, con-  
17 sidering the fact that a systematic operation on a  
18 large scale is particularly advantageous in view of the  
19 very nature of this industry, is to achieve a joint  
20 company based upon the government-managed as well as  
21 important private owned iron manufacturing industries.  
22 The most appropriate method in this connection is be-  
23 lieved, with the assistance of special funds from the  
24 Government, to plan a thorough rationalization of this  
25 industry, to promote a lower cost of production, to

1 improve and expand installations and thus to place  
2 the iron manufacturing industry in our country on a  
3 stable basis. Particularly in the light of the fact  
4 that steel is a basic material for various important  
5 industries, it is also exceedingly important from the  
6 standpoint of developing national industry and economy  
7 to secure an ample supply of it at a cheap price. I  
8 believe that the resolution to plan a complete read-  
9 justment and rationalization of the iron manufacturing  
10 industry for the purpose of lowering production cost,  
11 adopted by both Houses in the 62nd Session, in June last  
12 year, no doubt was prompted by the same idea; and I  
13 regard the establishment of the Japan Iron Manufactur-  
14 ing Co., Ltd., an outcome of the above resolution, as  
15 the most appropriate measure. With such an object  
16 as mentioned above in view, the Japan Iron Manufac-  
17 turing Co., Ltd., based on the iron manufacturing  
18 industry managed by the government and civilians has  
19 been established. And the present bill is introduced  
20 for the purpose of achieving the firm establishment  
21 of this industry. I earnestly request that you will  
22 be good enough to speedily approve of it after full  
23 deliberation."  
24

25 I now call as a witness ADACHI, Yasuo.

- - -



ADACHI

DIRECT

1 Y A S U O A D A C H I, called as a witness on behalf  
2 of the defense, being first duly sworn, testified  
3 through Japanese interpreters as follows:

## DIRECT EXAMINATION

BY MR. LOGAN:

6 Q Will you let us have your name and address,  
7 Mr. ADACHI?

8 A My name is ADACHI Yasuo; my address, 7458  
9 Tsujido, Fujisawa, Kanagawa Prefecture.

10 Q Will you examine defense document 1688 being  
11 handed to you by the Clerk of the Court?

12 Is that your affidavit?

13 A Yes, that is mine.

14 Q Are the statements contained in that affidavit  
15 accurate and true?

16 A Yes.  
17  
18  
19  
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ADACHI

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24,980

1 MR. LOGAN: I offer in evidence defense  
2 document 1688 and exhibits attached thereto.

3 THE PRESIDENT: Admitted on the usual terms.

4 CLERK OF THE COURT: Defense document 1688  
5 will receive exhibit No. 2775.

6 (Whereupon, the document above  
7 referred to was marked defense exhibit  
8 No. 2775 and received in evidence.)

9 MR. LOGAN: I shall now read exhibit 2775,  
10 being defense document 1688.

11 "Sworn Deposition of ADACHI, Yasuo."

12 THE PRESIDENT: Omit the formal parts,  
13 Mr. Logan, please.

14 MR. LOGAN: All right.

15 "I graduated from the metallurgy section in  
16 the Engineering Department of the Imperial University  
17 in 1919; in the same year, I was given the position  
18 of assistant engineer in the Mining Bureau of the  
19 Ministry of Agriculture and Commerce; in 1921 I was  
20 made an engineer of the Mining Bureau as well as of  
21 the Ministry of Agriculture and Commerce; in 1926  
22 I assumed the additional post of engineer of the  
23 Investigation Institute of Fuel; in 1929 the additional  
24 post of the Secretariat Statistics Section of the  
25 Commerce and Industry Department. In 1937 I was made



1 the manager of the Iron Industry Committee. In 1938  
2 I became an engineer of the Temporary Commodities  
3 Readjustment Bureau as well as engineer for the  
4 Bureau of Commerce and Industry. In 1939 I was made  
5 secretary of the Production Expansion Committee, and  
6 in the same year, I took the position of expert  
7 member of the Shipbuilding Committee; thus until the  
8 time of my resignation from the position of the chief  
9 of the Steel Section of the Metal Bureau of the Ministry  
10 of Commerce and Industry in 1943, I served in planning  
11 out administrative work concerning iron and steel of  
12 the Japanese Government. After resigning from public  
13 office I held the position of director of the Nittetsu  
14 Mining Joint Stock Company from 1943 to 1946. During  
15 those years I was head of the investigation department  
16 of that company, and later head of the investigation  
17 department and of the mining department. In 1946 I  
18 became director of the Kanto Dolomite Industrial  
19 Joint Stock Company and continued in the position  
20 until 1947 when the company was dissolved. At the  
21 present time I am the director of an engineering and  
22 construction company.

23 "I have factual knowledge of the iron-steel  
24 administration of the Japanese Government and the  
25 condition of production and consumption of iron and

ADACHI

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1 steel. All the tables attached to and made part of  
2 this affidavit were prepared by me from statistics and  
3 sources enumerated herein.

4 "(2) After the first European War, the price  
5 of iron and steel dropped abruptly. The fall in the  
6 price of steel material during the period from 1918  
7 to 1934 is shown in Table I."

8 I might state to the Tribunal that the tables  
9 mentioned here are attached to the affidavit and we  
10 will refer to them either now or later.

11 "As is shown in the 'Reference Materials  
12 Concerning Iron Manufacture' compiled by the Metal  
13 Bureau of the Department of Commerce and Industry in  
14 August, 1934, the average price of bars and plates in  
15 each year is shown in the table in index numbers with  
16 the standard of 100 for 1918. As the table shows,  
17 the price of bars was 100 in 1918, depreciated to  
18 33 in 1921 and continued to depreciate year after year  
19 until in 1931 it had become 15. Its depreciation thus  
20 was 85 per cent. The price of plates was 17 in 1921  
21 and 8 in 1931. Thus the depreciation was 92%. In  
22 addition to this, in those years Japan was menaced by  
23 the import of iron and steel from foreign countries.  
24 For this reason the immature iron and steel work of  
25 Japan suffered a staggering blow. For instance, among



1 about 200 iron and steel manufacturers operating  
2 during the first European War, about 150 went into  
3 bankruptcy. The other 50 or so manufacturers were  
4 for a long time suffering extraordinary hardship at  
5 no commercial profit. Accordingly the Ministry of  
6 Commerce and Industry in about the year 1931 considered  
7 how to overcome the crisis and at the same time  
8 investigated means of bettering iron and steel  
9 manufacture as a step toward remedying these conditions  
10 in Japan.

11 "The main points of consideration in the days  
12 when Japanese iron manufacturers were in this chaotic  
13 situation are as follows:

14 "(a) According to the iron and steel  
15 statistics compiled by the Yahata Iron Factory in  
16 December, 1931, the annual consumption of steel  
17 material by one American, Belgian, Frenchman, German,  
18 Englishman and Japanese is as set forth in Table II,"  
19 also attached to the affidavit. "To make the table  
20 much plainer, index numbers are shown as follows:

21 "Japan, 1. America, 7.24. Belgium, 3.45.  
22 France, 3.12. Germany, 2.98. Britain, 2.45.

23 "Accordingly, it was predicted that Japan's  
24 consumption of iron and steel would increase to a  
25 certain extent in accordance with the development of

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1 her civilian economy. As for practical methods from  
2 the standpoint of economical consideration, it was  
3 prearranged that for the most part, raw material would  
4 be supplied from foreign countries and that iron  
5 materials would be manufactured in Japan to meet  
6 Japanese needs.

7 "(b) The industrial rationalizing movement  
8 and the increased production movement which took  
9 place in all nations after the first European war  
10 were examples of world-wide tendency. Japan thought  
11 then that she would be left far behind financially  
12 unless she followed this tendency. For instance,  
13 according to the statistics made by the Mining Bureau,  
14 the status of steely production in America, England,  
15 the Soviet Union, Australia, Germany, and Japan was  
16 as shown in Table III expressed in real numbers, in  
17 index numbers, and in a graph of index numbers. This  
18 index-number graph starts in 1932 with 100 and con-  
19 tinues until 1940.

20 "During the above term, each nation listed  
21 shows a generally rising line. In 1940 the index for  
22 America rose to 4.26, England rose to 2.54, Soviet  
23 Union rose to 3.40, Australia rose to 5.44 (1939),  
24 Germany rose to 4.65 and Japan rose to 2.84. Authori-  
25 ties of the Ministry of Commerce and Industry thought



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2 the standpoint of economical consideration, it was  
3 prearranged that for the most part, raw material would  
4 be supplied from foreign countries and that iron  
5 materials would be manufactured in Japan to meet  
6 Japanese needs.

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8 and the increased production movement which took  
9 place in all nations after the first European war  
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11 then that she would be left far behind financially  
12 unless she followed this tendency. For instance,  
13 according to the statistics made by the Mining Bureau,  
14 the status of steely production in America, England,  
15 the Soviet Union, Australia, Germany, and Japan was  
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17 index numbers, and in a graph of index numbers. This  
18 index-number graph starts in 1932 with 100 and con-  
19 tinues until 1940.

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21 shows a generally rising line. In 1940 the index for  
22 America rose to 4.26, England rose to 2.54, Soviet  
23 Union rose to 3.40, Australia rose to 5.44 (1939),  
24 Germany rose to 4.65 and Japan rose to 2.84. Authori-  
25 ties of the Ministry of Commerce and Industry thought

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1 it appropriate to take measures as follows as the  
2 method of attaining the purpose described in the  
3 above (a) and (b).

4       "(a) Revision of Tariff. As shown on  
5 Table 4, 1920-1925, there was an import tariff of  
6 15% on the most useful steel material. This was  
7 increased to 20% on bars and plates in 1926 and in  
8 1932 it was further raised to 25% ad valorem but con-  
9 ditions did not improve. To meet war economics after  
10 the China Incident in 1937, the import duty was lifted.

11       "(b) Establishment of the planning system.

12       "This problem had been considered by experts  
13 in iron and steel for a very long time. The government  
14 finally decided to establish an investigation society  
15 for the promotion of iron manufacture, and this  
16 society held several conferences after 1915. All  
17 the reports indicated the need for concerted effort  
18 among iron manufacturers. A plan finally materialized  
19 in 1933 as follows."

20       THE PRESIDENT: Well, this is a convenient  
21 break. We will adjourn for fifteen minutes.

22       (Whereupon, at 1445, a recess was  
23 taken until 1500, after which the proceedings  
24 were resumed as follows:)  
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1           "The purpose of this planning system was to  
2 establish a company able to compete with foreign  
3 countries from the standpoint of economic consider-  
4 ation. For instance it was necessary to make the  
5 economic foundation of planned accounts of the new  
6 company firm and stable. For the purpose, six  
7 companies had to be dissolved in order to form a new  
8 company. The property valuation of those companies  
9 was calculated in a reasonable manner, and from their  
10 estimated values one third was discounted.

11           "(3) The above enterprise was materialized  
12 solely for the purpose of dealing with an urgent  
13 problem which Japan faced at that time and had not  
14 any other special purpose. The next step was to estab-  
15 lish a scheme for expansion to prepare for an increase  
16 of demand in the future. Essential points of consider-  
17 ation in the plan were as follows:

18           "(a) Japan was extremely poor in natural  
19 resources both in quantity and in quality. According-  
20 ly real self-sufficiency was almost impossible. About  
21 in 1934, since there were few able persons in the  
22 military and naval forces who had the knowledge of  
23 this kind of enterprise -- the Ministry of Commerce  
24 and Industry planned it out merely from the stand-  
25 point of economy.

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1            "At that time, as a method of measuring the  
2 demand in the future, the demand for steel-material  
3 in each year from 1896 to 1930 (including export and  
4 internal consumption) was shown in a diagram and from  
5 it the amount of demand in the future was calculated  
6 mathematically as a standard. In the above figure  
7 was included the amount of military and naval demand,  
8 which was estimated approximately less than 10 per-  
9 centage of the whole. However, judging from the  
10 condition of natural resources and geographical en-  
11 vironment in Japan, the Commerce and Industry Mini-  
12 stry was of the opinion that while there was room for  
13 the increase of steel production, Japan had no choice  
14 but to depend upon the import of raw materials,  
15 especially minerals. As the collateral security for  
16 these imported minerals, Japan was forced to increase  
17 the amount of exported steel and machinery. Conse-  
18 quently, the Commerce and Industry Ministry, taking  
19 these conditions into consideration, estimated that  
20 the future demand and supply would be at such a level  
21 as shown by the aforementioned calculated standard.  
22 Accordingly, the presupposed demand of the army was  
23 calculated at the same rate as that of the period  
24 from 1896 to 1930, and no more. There was no demand  
25 ~~from military or naval forces for a larger amount.~~



1 "The plan as above, based purely upon an  
2 economic view, was expected to come to an end about  
3 in 1938. The actual results were as presupposed.  
4 They are given as follows:

5 "(a) The production of pig-iron and steel  
6 material definitely increased. (Table V & VI.)  
7 The production of steel-material went up to the  
8 maximum in 1938, the year after the outbreak of the  
9 Chinese incident. However, owing to the unexpected  
10 outbreak of the Pacific War, production decreased  
11 despite the demand during war time. The under-  
12 production was caused by the decrease in the supply  
13 of scrap. The consumption of scrap-steel during the  
14 period from 1932 to 1942 is as follows according to  
15 page 308 of the above stated statistics. (Mining  
16 Bureau.)"

17 On page 9, we have the chart showing the  
18 consumption in unit 1000 tons and, incidentally,  
19 throughout this affidavit when tons are mentioned,  
20 they are metric tons.

21	" <u>1932</u>	<u>1933</u>	<u>1934</u>	<u>1935</u>	<u>1936</u>	<u>1937</u>
22	1,301	1,905	2,538	3,121	3,336	4,393
23	" <u>1938</u>	<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>	
24	4,264	4,660	4,405	3,299	3,829	

25 "The source of supply for this consumption  
was import, and the largest place of supply was America.

1 The amount of import was as follows: (3 pages from  
2 No. 2420 of the above statistics)"

3 I shall read the totals only for this here.  
4 This is also in metric tons. This is per 1000 metric  
5 tons.

"Year	<u>1932</u>	<u>1933</u>	<u>1934</u>	<u>1935</u>	<u>1936</u>	<u>1937</u>
"Total	559	1012	1412	1692	1692	2419
"Year	<u>1938</u>	<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>	
"Total	1357	2555	1390	203	38"	

9 Those figure refer to America, Australia,  
10 India, and others.

11 "The production of pig-iron increased year  
12 after year from 1932 to 1942. Accordingly the con-  
13 sumption of iron-ore increased naturally. However,  
14 the supply of ore had to come from other countries.  
15 (Table VII) Since Japan is situated geographically  
16 in a most convenient place for importing iron-ore from  
17 the East and the South, she imported it from those  
18 regions. The method was purchasing the ores or pro-  
19 curing mining rights through economic negotiations.  
20

21 "(b) Except in 1937, the import of steel  
22 material decreased exactly as presupposed by the  
23 Ministry of Commerce and Industry. (See Table VIII.)

24 "(c) The export of steel-material increased  
25 as presupposed by the Department of Commerce and  
Industry. In 1937 export decreased because of the



1 Chinese incident, but until the outbreak of the  
2 Pacific War, steel-material was exported to a  
3 certain extent. (Table IX)

4 "(d) Export of machines. The export of  
5 machines, that is, export of transformed steel  
6 material, was extremely large. (Table X)

7 "The expansion plan which was established  
8 by the Ministry of Commerce and Industry was for civil  
9 economy I know of no plan for promoting war. Accord-  
10 ingly, it is impossible to say that self-sufficiency  
11 was attained. Larger production was planned out of  
12 necessity since Japan was destined to turn from a  
13 farming country to an industrial country, as a  
14 counter-measure to the increase of population. There-  
15 fore the plan had to be established upon ample con-  
16 sideration of the general economic situation. Thus  
17 the above (a) to (d) are the natural results that the  
18 expansion plan brought about, and it is based completely  
19 upon economic views. We authorities of the Ministry  
20 of Commerce and Industry believed firmly that we were  
21 able to guide the subconscious power of the Japanese  
22 people in contributing to the elevation of their  
23 economic life.

24 "(4) In 1937, the old peace time economy  
25 turned into war time economy. Accordingly the

1 Chinese incident, but until the outbreak of the  
2 Pacific War, steel-material was exported to a  
3 certain extent. (Table IX)

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18 expansion plan brought about, and it is based completely  
19 upon economic views. We authorities of the Ministry  
20 of Commerce and Industry believed firmly that we were  
21 able to guide the subconscious power of the Japanese  
22 people in contributing to the elevation of their  
23 economic life.

24 "(4) In 1937, the old peace time economy  
25 turned into war time economy. Accordingly the



consumption of iron was greatly revolutionalized.

There were no complete statistics of consumption in Japan. Consequently the Ministry of Commerce and Industry estimated the amount of every year's consumption by the following formula:

"Consumption = production + import - export.

"This is accurate as long as there is no variation in the amount in storehouses at the end of the year. Its result is given in table XI its tendency describes plainly the fact which was stated in (3), namely, that complete self-sufficiency is virtually impossible. Moreover, the production of steel-material decreased side by side with the development of the Chinese incident. The degree of decrease was affected greatly by the prohibition of export of scrap-iron by America in 1940. Monthly import of scrap-iron is shown as follows:

"(Unit - 1000 Tons)

"Import Statistics (The finance department)"

1940, monthly amounts are shown running from 156 in January decreasing generally, except in October that year, to 89 in December. In 1941, the monthly reports show a decrease from 50 in January to 3 in December of that year.

"As opposed to this, the production of

pig-iron went on increasing. This was caused by the need for taking a counter-measure to the decrease in import of scrap-iron. As the same time, however, it was inevitable that the amount of iron-ore in the storehouse must decrease rapidly. For instance, the amount in store at the YAWATA Foundry, which held 90% of the entire amount of stored ore in Japan, was as follows:

"(Unit 1000 Tons)

"(Iron-ore cooperative council)

"March 1940	March 1941	Sept 1941	March 1942	Sept 1942
3,324	2,900	2,049	1,177	882

"Accordingly, combination rate of pig-iron and scrap-iron at the iron manufactory had to be changed to prevailing conditions. Combination rates of pig-iron and scrap-iron in steel-ingot are as follows every year from 1935 to 1941.

"From data of the iron-ore cooperative council

"(Unit 1000 Metric Tons)

	Consumption of pig-iron	Consumption of scrap-iron	Combination pig-iron	Scrap- iron
1935	2075	2981	41	59
1936	2358	3213	42	58
1937	2336	4085	36	64
1938	2276	4142	35	65



1 "Steel manufacturing met with extreme  
2 difficulty in operation. Production inevitably de-  
3 creased gradually. Moreover, hand in hand with the  
4 progress of the Chinese incident, the demand of the  
5 army gradually increased. Accordingly the demands  
6 of the people were compelled to decrease extremely.  
7 For instance the demand of the people in 1945 was  
8 2,150,000 tons. This amount is almost the same as  
9 the demand in about 1925. The comparative consumption  
10 of the fighting forces and the people cannot be set  
11 forth as no figures are available as there are no  
12 statistics of the Department of Commerce and Industry  
13 we will use 'The plan for Mobilizing Materials' from  
14 1935 - 1944. These results are shown in Table XII.  
15 As I stated before, the military demand had been ten  
16 percent or so of the total consumption from old days  
17 to 1936. Since 1937, in order to respond to the  
18 urgent need of completing the China Incident many  
19 war measures were taken to meet the increasing Mili-  
20 tary demand. Still more, together with the expansion  
21 of the fronts, there was a reason that the exports in  
22 the past should be directed to the occupied terri-  
23 tories (Yen bloc) to meet an urgent demand. I do  
24 not know the proportion of military and civilian  
25 exports used in these yen bloc areas. Internal

1 supplies in Japan were limited. As stated above,  
2 the supply for the people in 1941 was reduced to the  
3 degree of about twenty years ago. But as the Table  
4 XI shows, because of the decrease of production, it  
5 was necessary to give only minimum supply to the  
6 people, and in spite of the war, measures were taken  
7 to relieve the assignment-rate to a certain extent.  
8 However, in such a situation, it was extremely diffi-  
9 cult for the prosecution of the war and the operation  
10 of the civil economy to go on side by side smoothly.

11 "On this 28th day of May, 1947.

12 "At Tokyo.

13 "DEPONENT /S/ ADACHI"

14 I shall not read these charts, if it please  
15 the Tribunal, but I would like to have them repro-  
16 duced in the record for future reference by the  
17 Tribunal.

18 You may examine.

19 THE PRESIDENT: Brigadier Quilliam.

20 BRIGADIER QUILLIAM: May it please the Tri-  
21 bunal, we do not wish to cross-examine.

22 MR. LOGAN: May the witness be released on  
23 the usual terms?

24 THE PRESIDENT: He is released accordingly.

25 (Whereupon, the witness was excused.)



1 MR. LOGAN: We next offer in evidence  
2 defense document 1839, an excerpt from the official  
3 Gazette of January 24, 1934. This document sets forth  
4 the speech of Mr. TAKAHASHI, State Minister, con-  
5 cerning the general trend of the world economy,  
6 before the House of Representatives on January 23,  
7 1934.

8 THE PRESIDENT: Admitted on the usual terms.

9 CLERK OF THE COURT: Defense document 1839  
10 will receive exhibit No. 2776.

11 (Whereupon, the document above  
12 referred to was marked defense exhibit  
13 No. 2776 and received in evidence.)

14 MR. LOGAN: I now read from exhibit 2776,  
15 being a Stenographic Record of the Proceedings  
16 of the House of Representatives of the 65th Session  
17 of the Imperial Diet, the statement of Mr. TAKAHASHI.

18 "Next glancing over the general trend of the  
19 world economy, we see that the International Economic  
20 Conference which was held in London in June last year  
21 adjourned in July for a while, without attaining the  
22 expected results on account of discord among the lead-  
23 ing powers, and it was decided to reconvene the  
24 convention at some suitable future date. Originally  
25 the conference made it its mission to overcome the

1 present world depression by the mutual cooperation  
2 of powers, to bring about the perfect working and  
3 development of international economy through the  
4 stabilization of currency and planning the reopening  
5 of international transfer of capital on the one hand,  
6 and through eliminating various commercial impediments  
7 and installing control of production on the other.  
8 However, because of the aforesaid adjournment, the  
9 overcoming of the depression by means of international  
10 cooperation became impossible. Accordingly, since  
11 the adjournment of the conference, all powers have  
12 strengthened their self-protection policies more and  
13 more, and besides planning thoroughly to carry out  
14 their self-sufficiency principles of national economy  
15 at home had really elevated trade barriers against  
16 the foreign countries. Consequently, the number of  
17 countries who have made impartiality their motto in  
18 international trade as heretofore are now very small,  
19 and the tendency of the powers to enter into a special  
20 agreement between two nations or several countries with  
21 whom they are closely interested is conspicuous. Since  
22 the panic in March, the United States with whom we have  
23 close economic relations had devoted itself to the  
24 restoration of trade and the raising of prices, and  
25 has been taking various measures relating thereto.



1 However, in international harmony and coalition  
2 the same country has not come to terms as yet with  
3 such powers as Great Britain, France and others per-  
4 taining to policies concerning currency, foreign  
5 exchange, etc. She had deemed the stabilization  
6 of economic life of her own people and the re-  
7 establishment of domestic economy the most urgent of  
8 questions, and from this point of view, taking various  
9 measures. So the present economic condition of the  
10 world is still in chaos, and not only is there as yet  
11 any prospect of overcoming depression, but it is not  
12 easy to tell how the situation may develop in the  
13 future."

14 We now offer in evidence defense document  
15 1750, which is an excerpt from the Official Gazette  
16 of March 4, 1934, recording the speech of Mr.  
17 MATSUMOTO, Minister of State in the House of  
18 Representatives in 1934. This excerpt explains the  
19 purpose of the Petroleum Control Bill at the time  
20 it was introduced in the Diet, and which was referred  
21 to by Mr. Liebert in his testimony.

22 THE PRESIDENT: Admitted on the usual terms.

23 CLERK OF THE COURT: The book entitled  
24 "Stenographic Records of the House of Representatives,  
25 65th Session," in Japanese, will receive exhibit

1 No. 2777 for identification only. The excerpt  
2 therefrom, being defense document No. 1750, will  
3 receive exhibit No. 2777-A.

4 (Whereupon, the document above  
5 referred to was marked defense exhibit  
6 No. 2777 for identification; the excerpt  
7 therefrom being marked defense exhibit No.  
8 2777-A and received in evidence.)

9 MR. LOGAN: I now read from exhibit 2777-A,  
10 being an excerpt from the Official Gazette, the  
11 Stenographic Record of the Proceedings of the House  
12 of Representatives, 65th Imperial Diet.

13 "March 3, 1934" -- This is a typographical  
14 error in the document. It says "'35," it should be  
15 "'34."

16 "I am going to mention the reasons for  
17 which the Petroleum Control bill has been introduced.  
18 With regard to the security in the supply of petroleum,  
19 one of the important material from the view point of  
20 industry as well as national defense, the Government,  
21 which has so far established various requisite  
22 facilities, has now prepared a budget of more than  
23 1,800,000 yen for next year. And is by all means going  
24 to construct facilities necessary for liquid fuel  
25 supply. My opinion as to the petroleum policy of



1 Japan is that, in view of the situation of the  
2 domestic petroleum resources, more and more effort  
3 should, of course, be concentrated upon the security  
4 and development of both domestic and foreign  
5 petroleum resources and also on the promotion of the  
6 substitute fuel industry. While, on the other hand,  
7 considering the present situation of the oil  
8 refining industry in this country and the national  
9 tendency toward self-sufficiency in petroleum  
10 products, I cannot but deem it of urgent necessity  
11 for Japan to take a course towards the firm establish-  
12 ment of the oil refining industry and in securing her  
13 petroleum supply along with these facilities.

14 "The oil refining industry in Japan has, of  
15 late, made steady progress year by year. However,  
16 Japan as yet remains in the poor status of having to  
17 rely upon foreign countries for more than half of her  
18 demand at home on benzine and crude petroleum which  
19 form the main part of her petroleum consumption. So  
20 that, in order to establish the oil refining industry  
21 in Japan and to attain self-sufficiency in various  
22 petroleum products, the necessary steps for us to  
23 take are I believe to regulate imports into this  
24 country properly on the one hand and to establish  
25 facilities to assure control over the domestic oil

1 refining industry on the other. In short, we look  
2 forward to systematic development of the petroleum  
3 industry of this country, by controlling both the  
4 import and oil refining industry under the Govern-  
5 ment authorization."

6 We offer in evidence defense document 1752,  
7 which is an excerpt from the Official Gazette of the  
8 stenographic report of the proceedings of the House  
9 of Representatives of the statement by Minister  
10 TAKAHASHI on the purposes of the adjustment of trade  
11 and protection of commerce bill which was introduced  
12 on March 10, 1934.

13 THE PRESIDENT: Admitted on the usual terms.

14 CLERK OF THE COURT: Defense document 1752  
15 will receive exhibit No. 2777-B.

16 (Whereupon, the document above  
17 referred to was marked defense exhibit No.  
18 2777-B and received in evidence.)

19 MR. LOGAN: I now read the exhibit 2777-B.

20 "The Stenographic Report of Proceedings of  
21 the House of Representatives.

22 "March 10th, 1934

23 "Mr. TAKAHASHI, Korekiyo, the Minister of  
24 State, goes on the platform)

25 "I will give an explanation of the adjustment



1 of Trade and Protection of Commerce Bill which has  
2 just been introduced for discussion. Recently there  
3 is no sincerity for international cooperation in  
4 world commerce, and there is a marked tendency among  
5 the respective countries to adopt selfish policies.  
6 Especially the tendency, spurred by extremely active  
7 advance of Japanese commodities in the markets  
8 abroad, has become more conspicuous. This situation  
9 is that those countries are gradually increasing  
10 which attempt to build a wall against our export  
11 trade through such methods like restricting their import  
12 from Japan. In view of such a situation, it may, when  
13 we think of the future become necessary for our  
14 country to take such steps, depending on what measures  
15 the various countries will adopt hereafter, like  
16 regulating trade in conformity with such measures and  
17 thereby strike for the balance of international  
18 incomings and outgoings; or like increasing or  
19 decreasing the import duty or prohibiting and controll-  
20 ing the import and export to protect our commerce.  
21 Such measures must be put into effect according to  
22 circumstances. Therefore it is the intention of the  
23 Government today to establish beforehand a system for  
24 the above, and thereby prepare for the future. Of  
25 course we have no intention to assume an attitude of

1 voluntarily disturbing the international relations,  
2 but it is our hope rather that such an occasion  
3 will not occur which will necessitate the application  
4 of this Law. In view of the current situation, I  
5 think it is unavoidable for us to make arrangements  
6 of this degree as a temporary measure. This is the  
7 outline of the reason why the Government has  
8 proposed this Bill."

9 We offer in evidence defense document 1734  
10 which is an excerpt from the Official Gazette of the  
11 report of the proceedings of the House of Representatives  
12 of the statement by Minister of State OGAWA on May  
13 11, 1936 on the automobile industry control bill.

14 THE PRESIDENT: Admitted on the usual terms.

15 CLERK OF THE COURT: Defense document 1734,  
16 being a book entitled "The Stenographic Records of  
17 the House of Representatives, 69th Session," in  
18 Japanese, will receive exhibit No. 2778 for identific-  
19 ation only and the excerpt therefrom, bearing the  
20 same defense document number will receive exhibit  
21 No. 2778-A.

22 (Whereupon, the document above  
23 referred to was marked defense exhibit  
24 No. 2778 for identification; the excerpt  
25 therefrom being marked defense exhibit No.  
2778-A and received in evidence.)



1 MR. LOGAN: I now read exhibit No. 2778-A,  
2 being a Stenographic Record of the Proceedings of the  
3 House of Representatives, May 11, 1936.

4 "Minister of State OGAWA, Goraro: I will  
5 explain the reasons for proposing the Automobile  
6 Industry Control Bill which has just been placed before  
7 the House. The automobile industry is indispensable  
8 to a secure national defense and industrially ranks  
9 highest as one of what may be called basic industries.  
10 Its development or otherwise seriously affects both  
11 industry and national defense. In our country, how-  
12 ever, we find the industry is not yet built on a  
13 firm foundation and the necessity of establishing it  
14 on a sound foundation has been keenly felt for a  
15 long time.

16 "Especially recently the various situation  
17 both at home and abroad has necessitated an urgent  
18 establishment of this industry on a truly sound  
19 foundation to complete national defense and to  
20 promote this industry. In my opinion, the fundamental  
21 measures for the successful development of the  
22 automobile industry should be in the direction of  
23 mass-production. Not only this for this purpose stress  
24 must be laid on the manufacture of what may be  
25 called automobiles for the general people which are

1 in great demand. As for the industry in Japan,  
2 however, the making of automobile part and the auto-  
3 mobile industry on a small scale has been developed  
4 to a measure, and the industry based on the mass-  
5 production system has just taken a step forward but  
6 is still in an infant stage. At present, most  
7 automobiles produced in Japan are supplied by  
8 foreign companies here which assemble parts of  
9 foreign-make. Therefore, after careful examination and  
10 investigation of various phases of the matter, the  
11 Government decided and made public the fundamental  
12 measures adopted for the making of automobiles for  
13 the general people in the summer of the 10th year  
14 of Showa (1935). The Automobile Industry Control  
15 Bill now proposed has been drafted with the fore-  
16 going fundamental measures as its nucleus, taking full  
17 consideration of later changes in the industry and the  
18 situation both at home and abroad I think it is  
19 extremely important and urgent for the establishment  
20 and development of the automobile industry in Japan."  
21  
22  
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1 MR. LOGAN: We next offer in evidence  
2 defense document 1766, an excerpt from the Official  
3 Gazette of January 22, 1937. This document sets  
4 forth the speech of Mr. SAKURAUCHI in regard, to the  
5 policies aimed at promoting and development of in-  
6 dustry, before the House of Representatives on  
7 January 21, 1947.

8 THE PRESIDENT: Admitted on the usual terms.

9 CLERK OF THE COURT: Defense document 1766  
10 will receive exhibit No. 2779.

11 (Whereupon, the document above re-  
12 ferred to was marked defense exhibit No.  
13 2779 and received in evidence.)

14 MR. LOGAN: I now read exhibit 2779, being  
15 a record of the proceedings of the House of Repre-  
16 sentatives on January 21, 1937.

17 "Mr. SAKURAUCHI: Next, together with the  
18 national defense question, the problem of stabil-  
19 ization of people's lives is said to be most urgent.  
20 Accordingly, a number of vital policies aimed at pro-  
21 moting the development of industry and the stabil-  
22 ization of people's lives are being dealt with in the  
23 present budget. I am afraid, however, that the re-  
24 sult of this colossal budget might affect the national  
25 life more deeply than the results of these policies

1 of the government. Essentially, this bulky budget  
2 itself is the cause of the high cost of living.  
3 Furthermore, should the present day financial policy  
4 and the plans for increasing taxation impede the  
5 development of trade and industry, cause a nasty  
6 inflation of currency, and bring soaring high prices,  
7 those policies concerning the industry and the nation-  
8 al life introduced into the Diet today would yield no  
9 effect at all. Apart from this, comparing the price  
10 index and the wages of 1931 with those at the end of  
11 last year, we find the prices really increased by  
12 more than 32%, while the wages increased only by 15%.  
13 Despite the fact that this alone has been the cause  
14 of considerable pain to the masses of wage earners,  
15 the conditions that have been created by the radical  
16 jump of prices since the end of last year which  
17 occurred as a consequence of the announcement of  
18 this colossal budget are getting worse with inde-  
19 terminable force. In addition to the above, an  
20 exorbitant increase has been made in the taxes levied  
21 on sake, sugar, tobacco, gasoline, and other neces-  
22 sities of life, and the postage rates and various  
23 sorts of other expenses to the masses have been in-  
24 creased. Should the prices go up still higher, the  
25 life of the people will absolutely be menaced. In



1 my opinion herein lies a fearful germ that will de-  
2 feat the purpose of the financial plans. Such a  
3 radical jump in prices will inevitably bring about  
4 high wages, and, correlation to the increase of the  
5 cost of materials, the budget will be forced to ex-  
6 pand still more. Expansion of the budget will  
7 naturally boost the prices. If such cause and effect  
8 endlessly circulate, nothing will surpass the distress  
9 of the state and the hardships of the nation. In  
10 view of the precedents in Russia and Germany, I can  
11 not help being struck with horror. By what means  
12 and measures does the government intend to stop  
13 adequately the terrible jump in prices which is the  
14 inevitable result of the execution of policies  
15 according to this budget? Should the means be un-  
16 reliable or inappropriate, it may bring more fright-  
17 ful results, and the responsibility of the Government  
18 will be most grave, I believe. Since this is the  
19 point that the people would like to know about most,  
20 I wish the ~~government~~ would fully express its views  
21 on this question."  
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1 We now offer in evidence Defense Document  
2 1768, which is an excerpt from the Official Gazette  
3 for January 22, 1937, reporting a statement by  
4 Minister of State BABA in the Diet on January 21, 1937,  
5 with respect to the Foreign Exchange Act.

6 THE PRESIDENT: Admitted on the usual terms.

7 THE CLERK: Defense Document 1768 will re-  
8 ceive Exhibit No. 2780A.

9 (Whereupon the document above referred to  
10 was marked Exhibit No. 2780A and received in evidence.)

11 MR. LOGAN: I will now read Exhibit 2780A:

12 "The 70th Imperial Diet. The Stenographic  
13 Record of Proceedings of House of Representatives, No.3.

14 "The Session Opened at 1:18 p.m. Thursday,  
15 Jan. 21, 1937.

16 "The Minister of State (Mr. Eiichi, BABA):  
17 (Continued)

18 "To maintain the stabilization of our Yen  
19 value in the recent complicated international econom-  
20 ic situation, we are depended small degree upon the  
21 operation of the Foreign Exchange Act. The Govern-  
22 ment, towards the end of last year, has revised the  
23 decree based on the Foreign Exchange Act; however,  
24 again in view of the recent tendency toward the in-  
25 crease in speculative importations, we have taken



1 temporary emergency measures. The Government will  
2 hereafter always take heed to the International shift-  
3 ing of capital and will take all possible steps to  
4 meet the situation, to prevent the flight of capital  
5 and also the fluctuation of exchange rates. At the  
6 same time, the Government will exercise the utmost  
7 care in the actual application of the exchange control  
8 lest industry and trade be hindered. But to attain  
9 good results from it is needless to say that the  
10 cooperation of the nation is extremely important."

11 I next offer in evidence Defense Document  
12 1767, an excerpt from the Official Gazette of February  
13 16, 1937. This document sets forth the speech of State  
14 Minister YUKI before the House of Representatives on  
15 February 15, 1937, concerning the development of for-  
16 eign trade.

17 THE PRESIDENT: Admitted on the usual terms.

18 THE CLERK: Defense Document 1767 will re-  
19 ceive Exhibit No. 2780B.  
20

21 (Whereupon the document above referred to  
22 was marked Exhibit No. 2780B and received in evidence.)

23 MR. LOGAN: I will now read Exhibit 2780B:  
24 "Stenographic Record, State Minister YUKI, Toyotaro:  
25 It is due to our past few years activities in  
the world markets by means of good and cheap com-

1 commodities that our foreign trade has been developed  
2 to a remarkable extent. But in the future good qual-  
3 ity and low prices solely are impossible to be relied  
4 upon. Control must be properly enforced hereafter to  
5 avoid intensification of foreign obstacles to overseas  
6 trade and, externally, reciprocal treaties must be  
7 concluded through diplomatic negotiations as the  
8 occasion demands, absorbing needed imports on the  
9 one hand and striving to increase exports all the  
10 more on the other.

11 "Though the exchange rates were a little  
12 abnormal from the end of last year to the beginning  
13 of this year, they are gradually regaining stability.  
14 And I intend to adopt a prudent policy for maintain-  
15 ing the exchange rates which are recognized to be most  
16 necessary. As to the emergency measures concerning  
17 foreign exchange, it shall be continued for a while  
18 and its development shall be observed for some time  
19 yet. It goes without saying that the utmost care  
20 shall be taken not to impede industry and trade in  
21 its practical operation.

22 "I think fundamental consideration shall be  
23 required of international economy. A glance over the  
24 recent situation, and you will find that the ideology  
25 of economic nationalism is still dominant and there



1 is hardly any one who gives ear to that of internat-  
2 ional economy. The obscure atmosphere now internat-  
3 ionally brewing may be said to be due to this economic  
4 seclusionism. It will alleviate the acute situation  
5 of international relations and contribute not a little  
6 to world peace to break the deadlock of international  
7 economy and brighten commercial intercourses. There-  
8 fore I think the recovery of international economy  
9 is the urgent necessity of the moment."

10 We now offer in evidence Defense Document  
11 1764, which is an excerpt from the Official Gazette  
12 of 21 February 1937 recording the speech of Minister  
13 of State YUKI at the time of the introduction of the  
14 Bill Concerning Exports Control Tax Law before the  
15 House of Representatives, 20 February 1937.

16 THE PRESIDENT: Admitted on the usual terms.

17 THE CLERK: Defense Document 1764 will re-  
18 ceive Exhibit No. 2780C.

19 (Whereupon the document above referred to  
20 was marked Exhibit 2780C and received in evidence.)

21 MR. LOGAN: I will now read Exhibit 2780C:  
22 "Stenographic Record, Minister of State (Mr. YUKI,  
23 Toyotaro): In conclusion, I would like to explain the  
24 Bill concerning Exports Control Tax Law. Viewing  
25

1 recent trade policies of various countries, there is  
2 a large number of countries which takes measures such  
3 as extremely raising Customs duties, limiting imports,  
4 etc. by resorting to the claim-for-compensation prin-  
5 ciple or an economic isolation principle, etc. These  
6 preventive measures are increasingly being taken espec-  
7 ially against Japanese exports. In order to improve  
8 our Export trade under such a trade situation, it is  
9 thought of very urgent necessity to enlarge the Export  
10 Compensation system by establishing a new Import Com-  
11 pensation system and other appropriate measures. Now  
12 that a considerable amount of expenses is required  
13 for the execution of these measures, it is thought  
14 proper to look for a source of revenue to cover the  
15 expenses by imposing for the time being the exports  
16 control tax on rayon cotton fabrics, etc. among the  
17 export goods which have close relations with these  
18 measures."

19 We now offer in evidence Defense Document  
20 1724, for identification, which is an excerpt from  
21 the Official Gazette of July 30, 1937. This document  
22 sets forth the speech of Minister of State YOSHINO at  
23 the time of the introduction of the Synthetic Oil  
24 Industry Bill and the Imperial Fuel Development  
25 Company Bill before the House of Representatives



1 July 29, 1937.

2 THE PRESIDENT: Admitted on the usual terms.

3 THE CLERK: The book entitled "Stenographic  
4 Records of the House of Representatives, 71st and  
5 72nd Session, in Japanese, will receive Exhibit No.  
6 2781 for identification only, and the excerpt there-  
7 from, being Defense Document No. 1724, will receive  
8 Exhibit No. 2781A.

9 (Whereupon the document above referred to  
10 was marked Exhibit No. 2781A and received in evidence.)

11 MR. LOGAN: I will now read Exhibit No. 2781A:

12 "No. 5, stenographic records of the proceed-  
13 ings of the House of Representatives in the 71st sess-  
14 ion of the Imperial Diet, July 29, 1937.

15 "Minister of State (Mr. YOSHINO, Shinji): As  
16 for the bills now under discussion, I will first ex-  
17 plain the reasons why we have submitted the Synthetic  
18 Oil Industry Bill as well as the Imperial Fuel Devel-  
19 opment Company Bill. Liquid fuel is among the funda-  
20 mental resources indispensable to our national indust-  
21 ry and defense. It is a great pity, however, that our  
22 country is very poor in oil resources and is obliged  
23 to depend mainly on foreign countries for supplies  
24 of oil in the form of raw materials or manufactured  
25 goods. Every year we are paying abroad a large sum

1 of money and the demand for oil is showing a rapid  
2 increase. In view of the present situation, home  
3 or abroad, I believe that the most urgent business  
4 for us to do is to free our oil industry from the yoke  
5 of foreign countries, to accelerate the attainment of  
6 self-sufficiency with regard to liquid fuel, and  
7 thereby to promote our industrial development and  
8 national defense security, as well as the improvement  
9 of the balance of international payments.....

10 "Next I will explain the reasons why we  
11 have submitted the Iron and Steel Industry Bill.  
12 Our iron and steel industry has recently made rapid  
13 progress, but it remains substantially at the stage  
14 of dependence on foreign countries, as it requires  
15 the import of a large amount of pig-iron, scrap iron  
16 and iron ore, as well as other raw materials for iron  
17 manufacturing. I therefore believe that the fundamen-  
18 tal policy toward iron manufacturing is to accelerate  
19 the advance toward self-sufficiency in iron and steel  
20 in order to contribute to the development of all in-  
21 dustries, to improve the present condition of dependence  
22 upon foreign countries, to develop further overseas  
23 markets for our iron and steel products, to establish  
24 a means of securing raw materials, and thereby to  
25 bring our industry and national defense to perfection.



1 In the light of the present condition of our iron in-  
2 dustry, our government, having taken various previous  
3 measures, considers it indispensable to take further  
4 steps, on the one hand, toward exhaustive efforts in  
5 integrated pig-iron work, expansion of logical facil-  
6 ities and encouragement of the use of iron sands or  
7 low-grade ores, and, on the other, toward the pre-  
8 vention of building too many facilities dependent  
9 upon foreign scrap iron as well as toward the promo-  
10 tion of the sound development of the iron industry  
11 through suitable control and adjustment. This is  
12 the reason for which we are attempting adequately  
13 to protect and promote our iron industry through suit-  
14 able supervision by enacting a new Iron Industry Law  
15 in place of the Iron Industry Encouragement Law."

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OKAZAKI

DIRECT

1 MR. LOGAN: I now call as a witness OKAZAKI  
2 Ayakoto.

3 A Y A K O T O O K A Z A K I, called as a witness  
4 on behalf of the defense, being first duly sworn,  
5 testified through Japanese interpreters as follows:

6 DIRECT EXAMINATION

7 BY MR. LOGAN:

8 Q Will you tell us your name and address, Mr.  
9 OKAZAKI?

10 A My name is OKAZAKI Ayakoto. My address: No.  
11 1710 Hojo, Tatayama City, Chiba Prefecture.

12 Q Will you examine document 1933 being handed  
13 to you by the Marshal of the court and tell us whether  
14 or not that is your affidavit?

15 A I should like to have some -- a few correc-  
16 tions made in this affidavit. In the English deposi-  
17 tion it would be the fourth line from the top.

18 I should like to have "to 1938" made to read  
19 "to 5 December 1938."

20 The next change I should like to have made  
21 appears in the second page, seventh line of the Japan-  
22 ese text. Instead of "separate sheet" I should like  
23 to have that passage read "separate chart."

24 Also, the "column on consumption" I should  
25 like to have read "column on civilian consumption."



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OKAZAKI

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That is all the correction I have to make.

Q With those corrections are the statements contained in this affidavit accurate and true?

A Yes.

MR. LOGAN: I offer in evidence defense document 1933 and the charts attached thereto.

THE PRESIDENT: Admitted on the usual terms.

CLERK OF THE COURT: Defense document 1933 will receive exhibit No. 2782.

(Whereupon, the document above referred to was marked defense exhibit 2782 and received in evidence.)

MR. LOGAN: I now read exhibit 2782, the affidavit of OKAZAKI Ayakoto.

"My career is as follows:

"From 1 December 1936 to 1938 I was in charge of matters relating to research concerning munitions industries and natural resources as a member of the Naval Affairs Bureau of the Navy Ministry, and in addition was concurrently secretary of the Natural Resources Board and participated in matters relating to national general mobilization planning.

"From 6 December 1938 to 15 June 1939 I was secretary in the Temporary Materials Research Bureau of the Ministry of Commerce and Industry.



OKAZAKI

DIRECT

1 "From 16 June 1939 to 15 November 1940 I  
2 participated in matters pertaining to annual materials  
3 mobilization planning in the Planning Board as a  
4 materials research secretary of the Ministry of Com-  
5 merce and Industry. At the same time I served as the  
6 official in charge of determining the effectivation  
7 plan of periodic (every three months) materials mobili-  
8 zation in the Ministry of Commerce and Industry.

9 "From 16 November 1940 to 8 April 1941 I  
10 was in charge of supervising matters concerning the  
11 supply of materials relating to the Naval Technical  
12 Department as chief of the Third Section of that depart-  
13 ment.

14 "From 9 April 1941 to 31 October of the same  
15 year, I assisted the Minister of Commerce and Indus-  
16 try as materials research secretary of the Ministry  
17 and concurrently acting private secretary of the Min-  
18 ister.

19 "From 15 November 1941 to 5 June 1943 I was  
20 in charge of supervision of matters relative to the  
21 supply of materials to the navy in general as chief  
22 of the Second Section of the Arms and Equipment Bureau  
23 of the Navy Ministry.

24 "From 3 December 1945 up to the present I  
25 have been engaged, as I still am, in the assembling

OKAZAKI

DIRECT

1 and collation of data relative to the various plans  
2 concerning the industrial economy of Japan, especially  
3 from the beginning of the China Incident to the end  
4 of the Pacific War, and their results as a councillor  
5 of the National Economic Research Association, a juridi-  
6 cal foundation.

7 "I should like to state about petroleum as it  
8 is generally called, especially about fuel and diesel  
9 oil, in the following order:

10 "1. First of all I should like to speak of  
11 the basic data upon which I base my testimony.

12 "The basic materials which I am using, in  
13 other words, the materials contained in the annex  
14 attached herewith, have been prepared using also as  
15 reference the materials submitted to the United States  
16 Strategic Bombing Survey in compliance with its direc-  
17 tive. The materials submitted to the USSBS were  
18 assembled from all the data available at that time  
19 and coordinated by the joint conferences of the officials  
20 in charge of matters pertaining to petroleum of the  
21 Ministry of Commerce and Industry and the First and  
22 Second Demobilization Boards. However, considerable  
23 revisions of the materials submitted to the USSBS  
24 were made necessary as a result of new data obtained  
25 by the above-mentioned government departments concerned  
and so I have also used the materials prepared by these



OKAZAKI

DIRECT

1 offices on the basis of such newly acquired data.

2 "2. In connection with the materials above  
3 referred to I shall speak only of fuel and diesel  
4 oil. My reason for so doing is to simplify the subject  
5 on hand and because it is fuel and diesel oil which  
6 have a vital connection with naval warfare.

7 "Of the foregoing two items, the total amount  
8 of diesel oil which could be supplied in 1931 (See  
9 Annex I) was 1,331,220 kilolitres. As against the  
10 army's consumption of 6,000 kilolitres and the navy's  
11 consumption of 30,000 kilolitres, the civilian con-  
12 sumption was 1,240,000 kilolitres (See Annex I. A  
13 denotes the army, B the navy, and C civilians.)  
14 This proportion continued since that time up to the  
15 outbreak of the Pacific War. Furthermore, the figures  
16 in the column on consumption in Annex I -- I indicate  
17 the fact that there was a conspicuous drop since  
18 1941. This was because as a result of war the army and  
19 navy demands increased while the supply thereof, es-  
20 pecially imports, became nil.

21 "Civilian consumption in 1941 was 1,066,150  
22 kilolitres which was considerably less than the con-  
23 sumption in 1931 of 1,240,000 kilolitres. Although  
24 the increase in the army and navy requirements may be  
25 considered as one of the causes of the drop in civil-

1       ian consumption, the primary cause was the fact that  
2       the import of this item in 1941 was no more than  
3       465,000 kilolitres as against 1,346,000 kilolitres  
4       which was imported in the previous year. This was  
5       due to the United States embargo on the export of  
6       petroleum to Japan. As a result, not only was marine  
7       transportation of vital materials seriously handi-  
8       capped, but civilian industries also were consider-  
9       ably affected.

10       "3. Next I should like to speak of fuel oil.

11       "This item is necessary as fuel for naval  
12       vessels and for important industries, especially  
13       steel.

14       "The volume of imports of this item appear  
15       in Annex 2 to be small, but this is because it is in-  
16       cluded in the natural oil in the column on consumption  
17       on the extreme left. It is so included because crude  
18       oil was imported from abroad and refined in Japan.

19       "The volume of naval consumption of fuel  
20       oil registered some increase from year to year since  
21       1931 because of the increase in naval vessels and be-  
22       cause vessels with boilers using coal or coal and fuel  
23       oil combined were gradually changed to those exclusive-  
24       ly using fuel oil. Moreover, the increase after 1937  
25       was caused to some extent by the effect of the China



## Incident.

1           "The total amount of oil in stock in 1941,  
2           which is shown in the affixed Table No. 2, was 3,701,300  
3           kilo (1). Researches were then made about what would  
4           happen in case of failure in acquiring oil from abroad.  
5           According to the research, the annual consumption of  
6           fuel oil in Japan was, for example, 1,387,360 kilo  
7           in 1941. Consequently, if the remaining stock of  
8           3,122,386 kilo were to be used for the following year,  
9           the whole stock of oil would be entirely spent up  
10          within two years or so.

12          "4) In conclusion, I want to add some ex-  
13          planations about fuel and diesel oil from the stand-  
14          point of naval war preparations.

15          "Just before the outbreak of the Pacific War  
16          the stock of fuel and diesel oil in the hands of the  
17          Navy was 3,624,000 kilo and that of crude oil was  
18          1,435,000 kilo. These figures were shown to the GHQ  
19          Officials by Colonel HARA, who then acted as representa-  
20          tive for Lt. Gen. HOSHINO of the Second Demobiliza-  
21          tion Bureau, after the termination of war. These  
22          accord with the figures that I obtained through in-  
23          vestigations in December, 1941, soon after the out-  
24          break of the war, when I was Chief of the Section of  
25          Supervision of Supply and Demand of Materials.

OKAZAKI

DIRECT

1 "The problem of when overseas oil cannot be  
2 obtained was studied from the standpoint of a wartime  
3 problem. The study revealed that the average monthly  
4 supply of fuel and diesel oil needed by the Navy in  
5 wartime would be 250,000 kilo. Accordingly, if the  
6 overall total of 4,600,000 kilo, consisting of  
7 3,624,000 kilo of fuel and diesel oil, which had already  
8 been in stock before the war, and that which was to be  
9 obtained from crude oil were to be allotted to the Navy,  
10 it would be consumed within one and a half years.  
11 And in this estimate no consideration was given to the  
12 demand of private enterprises."

13 It is signed by OKAZAKI Ayakoto.

14 I ask that the two tables be spread in full  
15 on the transcript in the record. I won't take the  
16 time of the court to read them.

17 BRIGADIER QUILLIAM: If your Honor please,  
18 we don't wish to examine.

19 MR. LOGAN: May the witness be released on  
20 the usual terms?

21 THE PRESIDENT: He is released accordingly.

22 (Whereupon, the witness was excused.)

23 Well, you are getting on to a new section,  
24 I suppose. You are starting something fresh now?

25 MR. LOGAN: Well, more excerpts.



1 THE PRESIDENT: We will adjourn until half-  
2 past nine tomorrow morning.

3 (Whereupon, at 1600, an adjournment was  
4 taken until Wednesday, 6 August 1947, at 0930.)

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